

An Essential Guide to Performance Reviews

Helpful tips and best practices for setting up Performance Reviews



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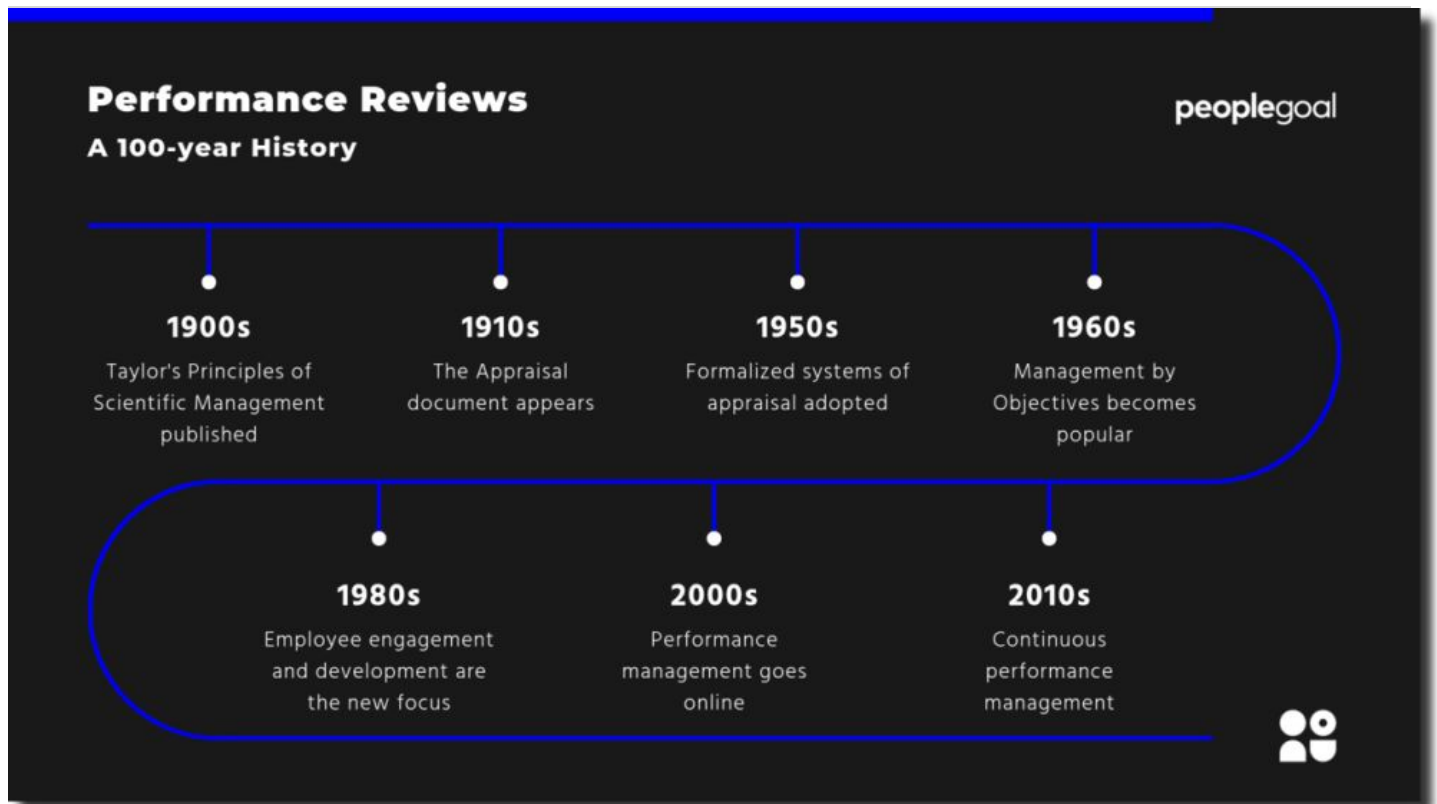


What is a Performance Review?



Simply put, the **performance review is a discussion between an employee and their supervisor**. They assess the employee's performance over a period of time, recognize achievements and talk through areas for development and improvement. In theory this should be an easy and motivating discussion but in practice the review or appraisal has become one of the most hated parts of performance management. Often it's because team members feel the process is time-consuming and irrelevant to their actual career progression. Looking over the past 100 years or so of performance appraisals we can see where the classic review techniques developed and how organizations are reforming the performance review process for the future.

A History of Performance Reviews



The process and design of performance reviews has changed many times over the last century. Unsurprisingly, these changes have been driven by advances in technology, workers' rights and the workplace itself. From the first research showing that worker satisfaction leads to greater productivity, to influences from governments and the military after WWII, there have been major shifts in the organizational approach to management and engagement. Some of the biggest developments have come in the last 20 years when performance management first started to move online. These are a few of the milestones that changed the performance appraisal and companies' approach to performance management.

1900s

Frederick W. Taylor publishes *The Principles of Scientific Management*.

Taylor's techniques of workplace design, measurement and production control led a new scientific approach to management principles. His publication has since been voted the most influential management book of the 20th century.

WWI

The Appraisal document appears.

The U.S. military implemented a documented merit rating system to identify low performers recommended for discharge or transfer.

1920s

[Elton Mayo](#), an Australian psychologist and researcher, paves the way for the human relations movement.

Publishing *The Hawthorne Studies* and *The Human Problems of an Industrialized Civilization*, Mayo measured the relationship between productivity and the working environment. His research concluded that workers' performance is dependent on both social relationships and their specific job requirements.

1940s

Mayo's research changes attitudes towards management.

As a direct result of Mayo's research, production improved as managers recognized the value of leading rather than directing employees. Management became more encouraging, began leading by example and focused on coaching employees in their skills development.

1950s

Formalized systems of appraisal are adopted by most organizations.

The U.S. government implemented the Performance Rating Act (1954) to assign one of three ratings to government employees: Outstanding, Satisfactory or Unsatisfactory (sound familiar?) By the end of the 1950s the backlash came as employees felt they didn't have a say in the process and were being rated on their personality, not their performance.

1960s

MBO - Management by Objectives - becomes popular.

Following [Peter Drucker's](#) 1954 book, *The Practice of Management*, organizations shifted their focus to setting and tracking clearly-defined objectives with buy-in from both employees and managers.

1970s

[Aubrey Daniels](#) defines the term Performance Management to describe a technology for managing both behavior and results.

Criticism of appraisal systems built up, centered around how subjective the reviews were, and some cases were even taken to court. In an attempt to be more objective, companies began to focus on using psychometrics and standardized rating scales, but the manager-led review still persisted.

1980s

The focus shifts to employee participation and engagement.

MBO remained a popular system, and companies started to think about how best to improve employee motivation and engagement. Employee self-reviews become the standard to allow for a more balanced appraisal. Measuring qualitative values like communication and teamwork became popular, as well as how these tied back to the company strategy.

2000s

Performance management goes online.

Organizations looked to automate and streamline their performance reviews with software providers. The benefits of aggregated data and easier to analyze trends was a big boost to leadership, but companies found that managers began to "copy and paste" standard responses when appraising their teams - partly because a trend towards flatter organizational hierarchy meant most managers were directly overseeing more than 20 reports.

2010s:

Continuous performance management and 360 degree ratings become popular.

The 360 degree feedback process provides a more holistic view of performance, and became a core part of (or replaced!) the performance review. Continuous performance management focuses on goal setting, feedback and one to one meetings to promote regular employee-manager and colleague communication.

Where are Performance Reviews Now?

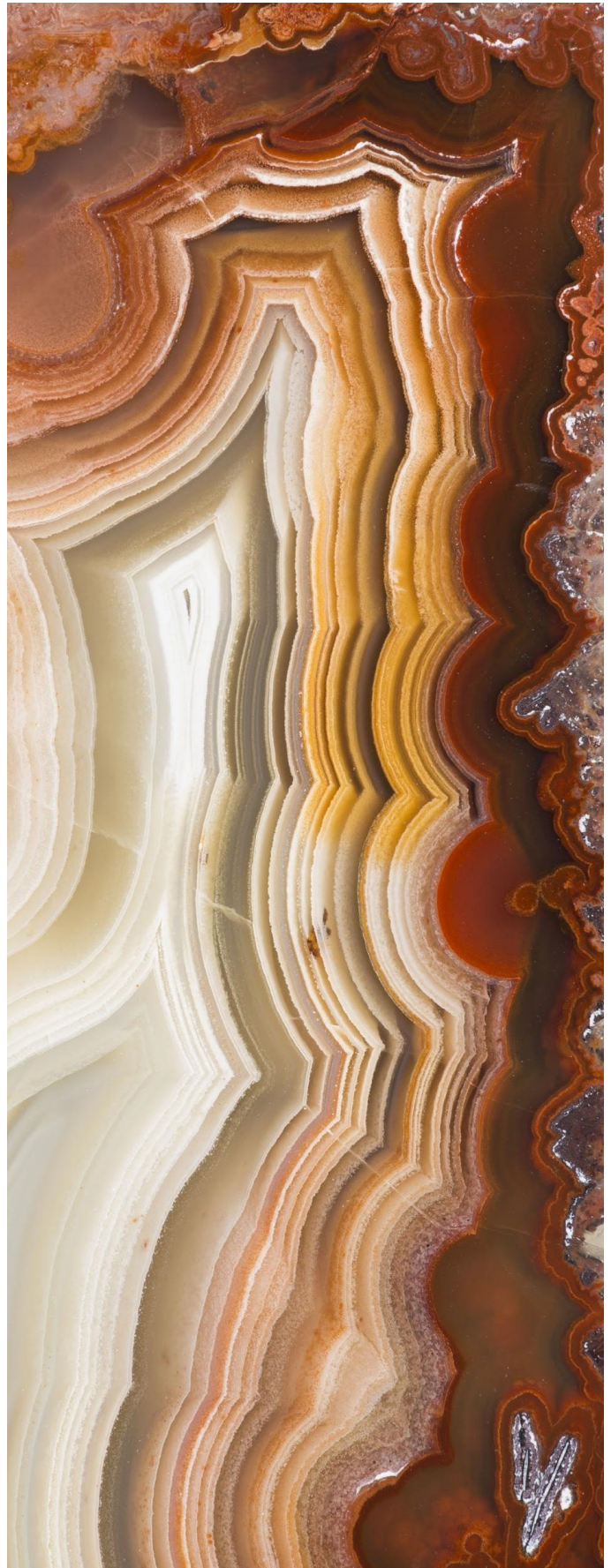
The **past five years** has seen a trend in businesses (especially in tech) saying, **"Ditch the performance review!"** There are good reasons for this if you take a look at the problems with traditional performance appraisals, but these **can and should be reformed**.

The Traditional Performance Appraisal Process

In the conventional appraisal process, Human Resources supplies a guidance document and the manager writes up a performance assessment for each of their direct reports for the last year in review. In most cases an employee fills out a self-assessment to share with their manager and a face to face discussion takes place. The HR team finds themselves managing an admin-heavy process of chasing down paper reviews, compiling responses and maintaining employee records without having time to look at the actual outcomes of the review. Compensation and bonuses are often tied to the results of the performance review which then requires subjective final ratings to make the overall company analysis easier for the leadership team.

Why the Traditional Performance Review is Painful

Employees and managers are frustrated with the bureaucracy and inefficiency of the traditional review process. Spending hours in December trying to remember what you did in January feels like a waste of time, and both parties are often unfairly influenced by how the employee performed in the few weeks before the review - positively or negatively. Worse still, the outcomes of the appraisal don't link back to career progression and the process ends up feeling like a check-box exercise with no real impact on employee development. Managers of large teams submit reviews months past the deadline and Human Resources is left chasing down final ratings just to be able to close off the review cycle. Managers are also uncomfortable (or too comfortable) being the sole judge of their direct reports' performance and so leave biased or vague assessments that demotivate employees.



How are Major Organizations Approaching Performance Reviews?

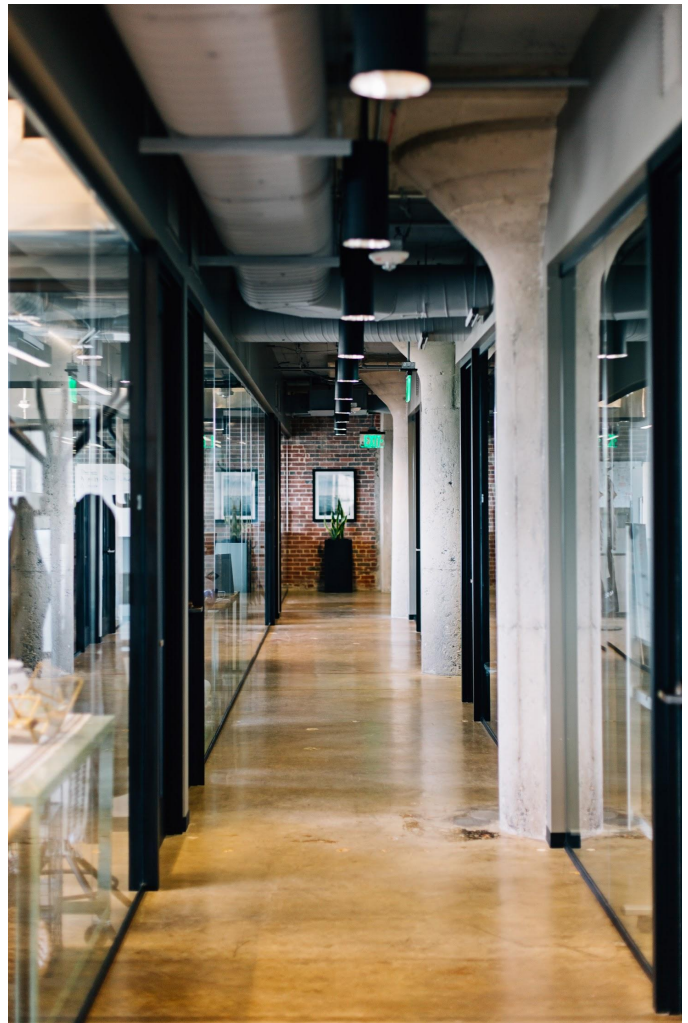
Netflix

Around 2009 [Netflix's culture document](#) was published online. There was a massive response to their **culture of radical openness and their attitude of "people over process"**. They stripped out as much bureaucracy as possible and focused solely on 360 degree feedback. **Patty McCord**, the then [Chief Talent Officer](#), said:

"We believe we will learn faster and be better if we can make giving and receiving feedback less stressful and a more normal part of work life. Feedback is a continuous part of how we communicate and work with one another versus an occasional formal exercise. We build trust by being selfless in giving feedback to our colleagues even if it is uncomfortable to do so. Feedback helps us to avoid sustained misunderstandings and the need for rules. Feedback is more easily exchanged if there is a strong underlying relationship and trust between people, which is part of why we invest time in developing those professional relationships. We celebrate the people who are very candid, especially to those in more powerful positions. We know this level of candor and feedback can be difficult for new hires and people in different parts of the world where direct feedback is uncommon. We actively help people learn how to do this at Netflix through coaching and modeling the behaviors we want to see in every employee."

And, while Netflix got rid of the formal performance review, they replaced it with **ongoing performance conversations and check-ins**.

"Many years ago we eliminated formal reviews. We had held them for a while but came to realize they didn't make sense—they were too ritualistic and too infrequent. So we asked managers and employees to have conversations about performance as an organic part of their work. When we stopped doing formal performance reviews, we instituted informal 360-degree reviews. We kept them fairly simple: People were asked to identify things that colleagues should stop, start, or continue. In the beginning we used an anonymous software system, but over time we shifted to signed feedback, and many teams held their 360s face-to-face. If you talk simply and honestly about performance on a regular basis, you can get good results."





General Electric

GE was famous for **Jack Welch's rigid system of forced rankings**, conducted annually. An employee's final rating was judged against their peers and the bottom 10% of performers were cut. These days GE encourages employees and managers to collaborate using a performance-tracking app — **PD@GE** — that allows everyone to document meeting notes and upload performance conversations.

The annual appraisal meeting still takes place but it's now focused on these continuous performance notes and how the manager can guide their direct reports' future progress.

Ernst & Young

In contrast to Accenture, Deloitte and other firms who quickly jumped to scrap performance reviews entirely, EY felt it would **give colleagues an excuse not to have a discussion about performance at all**.

They replaced their bi-annual reviews with weekly check-in meetings to address performance issues as and when they arise. And in fact, although Deloitte removed their backward-looking review system, they reintroduced ratings with a view to document how the employee's actions impact the rater, not their inherent capabilities.

Rebranding the Performance Review

"People want direction on where they are going, not micro-directions on how to get there."

— [Simon Sinek](#)

The real reason to conduct performance reviews is to **improve** performance. Setting aside time for discussion between employees and managers is a vital part of encouraging an engaged and motivated workforce. Looking back isn't always a bad thing! With continuous performance management you can run the risk of encouraging short-termism. Aligned goals and regular feedback are fantastic for keeping you on track, but if you're only looking out for the next hurdle you don't take the time to step back and reflect on the bigger picture. The performance review should be that all-important space and it should happen at least every six months.

Having all of the day to day data - your goals, feedback, check-ins and social recognition - already documented takes away the admin headache of the traditional performance review, and gives both employees and managers the space to focus on the overall employee experience. Employee experience is seen as a bit of a buzzword, but [it really matters](#).

It's crucial that the performance review is a two-way conversation and that you're not relying only on managers to drive the assessment. Tapping in to an individual's internal motivation rather than external direction can only be done through clear and direct discussion where the focus is on engagement and encouragement, not punishment.

What does an Effective Performance Review Look Like?

What does an effective performance review look like?



Collaborative
Open and honest
Reflective
Action orientated
Easy to use

peoplegoal

Collaborative

Establish a **conversation**. The importance of the employee self-assessment can't be overemphasised. When that self-assessment is taking into account **peer feedback** and all the recognition that's been received over the last review period it's much easier for the employee to deliver a balanced reflection of their performance. You're also driving a sense of **autonomy and responsibility** going in to the discussion with their manager. The manager's job is then to provide coaching and suggestions from their own experience to help the employee develop themselves.

Open and Honest

Everyone knows inherently what their own strengths and weaknesses are. Being allowed to **openly acknowledge what has to be improved** without fearing punishment promotes trust between the employee and manager, and in the organization. Just as important is to recognize what's gone well and celebrate the wins!

Reflective

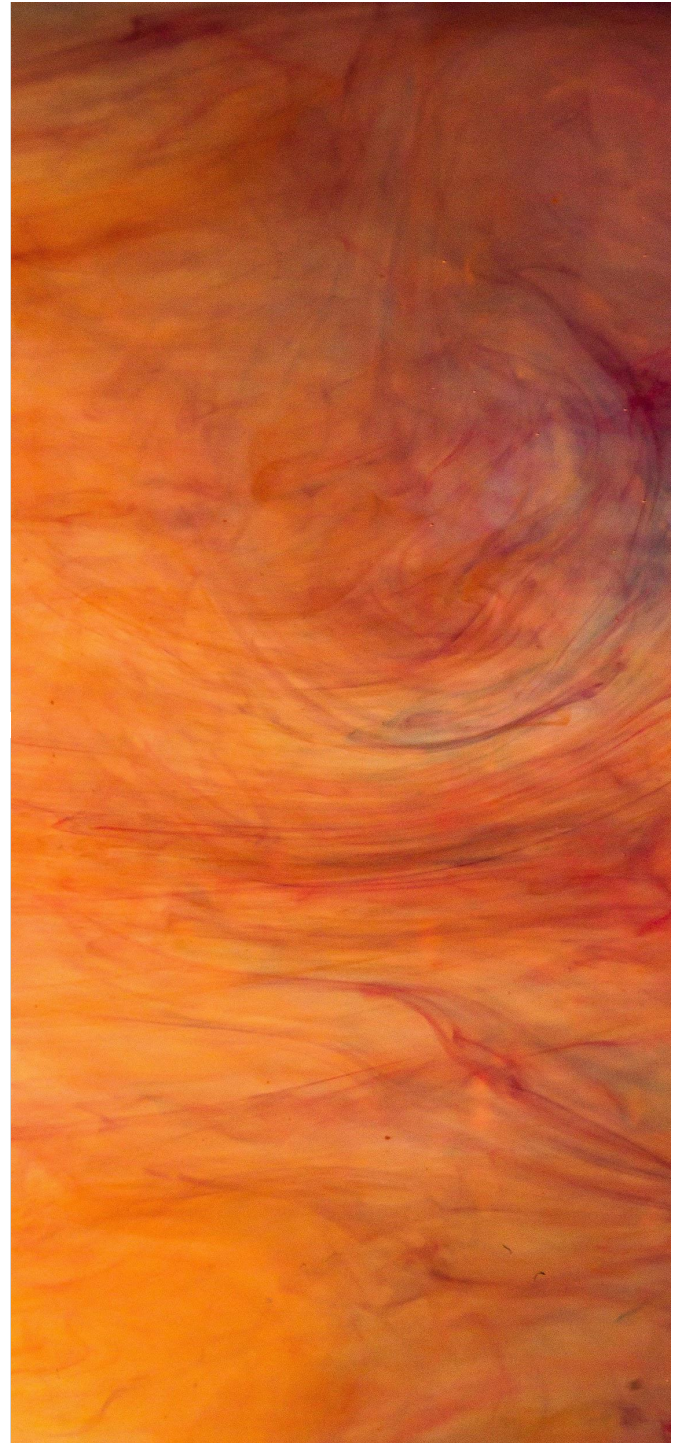
A good performance review should be an opportunity to look back over the big picture and pull out broader themes. It's important to incorporate your **goals and feedback** in to this to get an accurate idea of where you stand, and removing the hassle of updating those in the same time as the appraisal frees you up for some deep thought.

Action oriented

Use the performance review to determine what action needs to be taken to improve performance. It's no good saying you've been underperforming without defining measures to improve it. Determine an employee's **training needs**, outline concrete changes they should be making and provide developmental support from your own experience. This is the easiest area that HR can have a hand in guiding, together with the manager.

Easy to use!

This goes without saying. Trying to link up endless paper forms with months-old feedback emails is a waste of everyone's time, not to mention the resources needed in HR to compile all of the results at the end of the cycle. **Automate your performance reviews as much as possible.** It frees you up to rely on employees and managers to drive the appraisal process with all of the documentation they need to make it successful. Unconvinced? [We've got 6 more reasons to automate your performance review.](#)



The Performance Review Cycle

How often should performance reviews take place?

In the traditional appraisal process, reviews would happen once a year, with a month to six weeks for employees and managers to complete their conversations and another month for HR to collate the data. **Many companies these days prefer to hold smaller, quarterly "mini reviews".** Other organizations choose to go with a lighter mid-year review and a longer, more formal annual review.

Quarterly Reviews

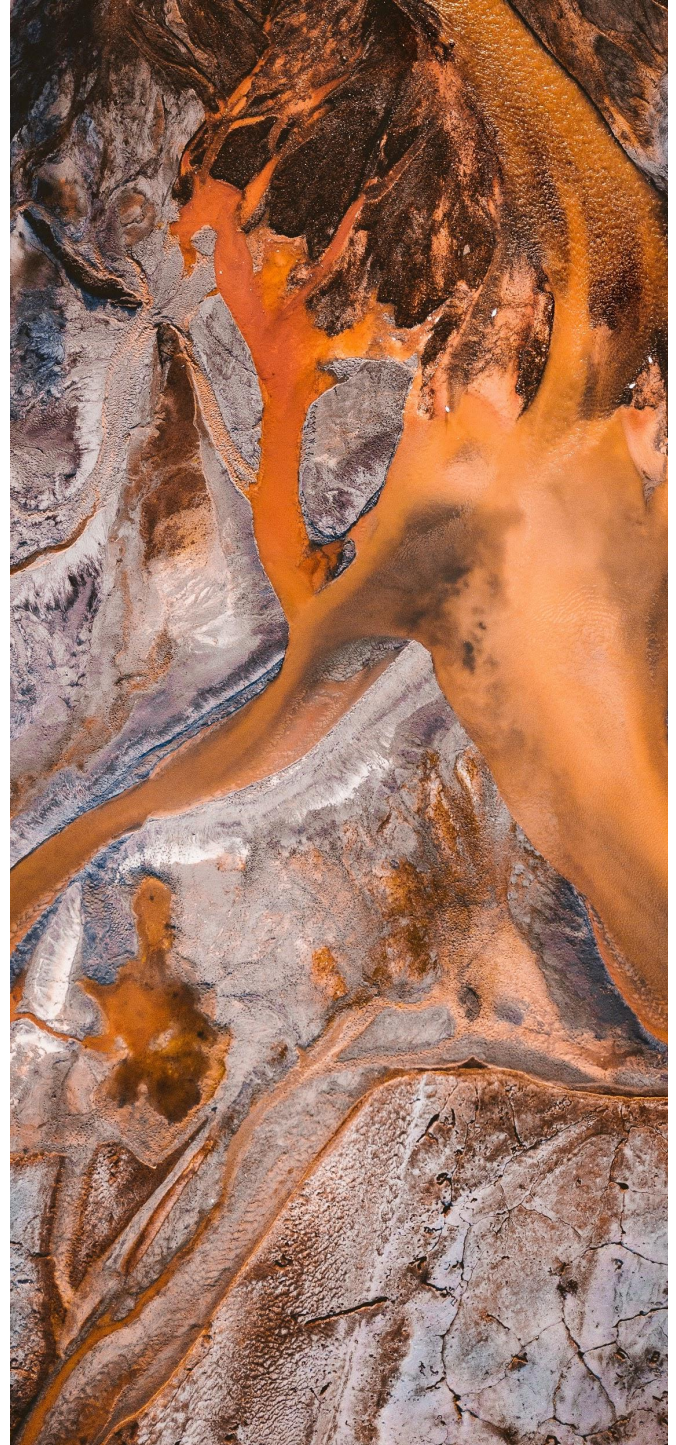
Quarterly reviews are more of a **performance snapshot** than a traditional appraisal. They're a light-weight check-in meeting between an employee and their manager to assess whether you're on track and to call out where you need support. The responsibility is put on employees and managers to drive these conversations without too much interference from HR, other than to provide them with a conversational framework. As these happen frequently it's good to keep the questions short and open-ended, and not focus on giving any ratings.

Bi-annual reviews

Reviews every six months give you a bit more room to assess the display of **competencies and values** as well as to check in on performance progress. Ratings can be helpful here to give an indication of where an employee stands, and are useful as a reference in the year-end review to see how they've improved.

Annual Reviews

Conducting year-end reviews can be a much more formalized process than quarterly or bi-annual check-ins. You've got space to design a more in-depth form so long as you give employees and managers enough time to **prepare for each review**. Even so, it should still be a summary view of the year to date and a chance to discuss **future plans, development and training**.



A Performance Review Timeline

START OF QUARTER

Collect 360 feedback

Gather feedback for each employee from colleagues, supervisors and the wider organization.

6 WEEKS BEFORE REVIEW

Design your review format

Create your review template to focus on employee coaching and individual development.

4 WEEKS BEFORE REVIEW

Prepare training materials

Set up coaching workshops and training materials to help the business get the most out of their performance conversations.

2 WEEKS BEFORE REVIEW

Communicate the review timeline

Set expectations for what needs to be completed, who needs to participate and when reviews need to be completed.

4 WEEKS BEFORE END OF QUARTER

Complete your reviews

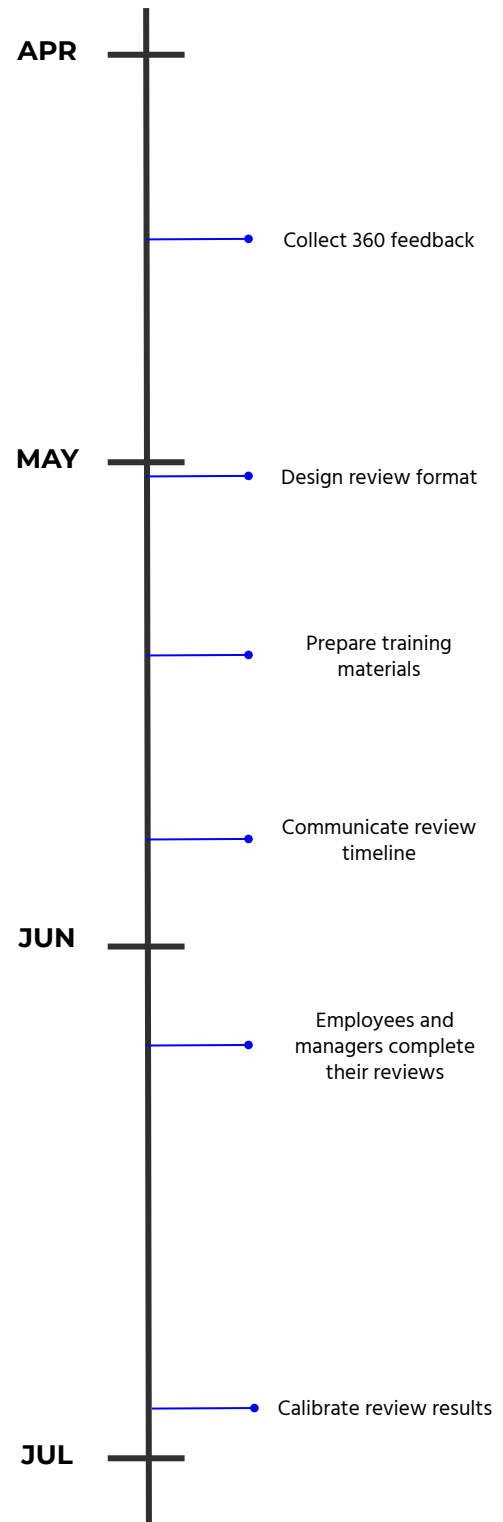
Ensure employees and managers have enough time to have a meaningful discussion.

END OF QUARTER

Calibrate review results

Collate and analyze the review results with supervisors, HR teams and company leaders.

A Review Cycle



How to Create a Performance Review Process

1. Set up your goals and feedback processes

Make sure you have a robust system of aligned goal-setting and 360 degree feedback in place. This will cover your continuous performance management cycle throughout the year. You need to establish a cadence of **regular check-ins** on goal progress and ongoing peer feedback. Our [Essential Guide to SMART Goals](#) and [Essential Guide to OKRs](#) will take you through all you need to know to get these established.

2. Design your review format

The content of your review form(s) and how often you conduct a performance review should be decided by HR and your leadership team, taking into account recommendations from employees and managers. Whether this is quarterly, bi-annually or annually will rely on how often you're gathering feedback and holding employee-manager check-in meetings. Use your **employee engagement survey** to take on board what it is your organization is really looking to track. So long as your focus is on **improvement and individual development**, the actual format of the review questions is entirely dependent on your company culture. We'll go through different types of review questions you can work with below. We've also got [5 Templates for Performance Reviews](#) which you can download and adjust for your own company values.

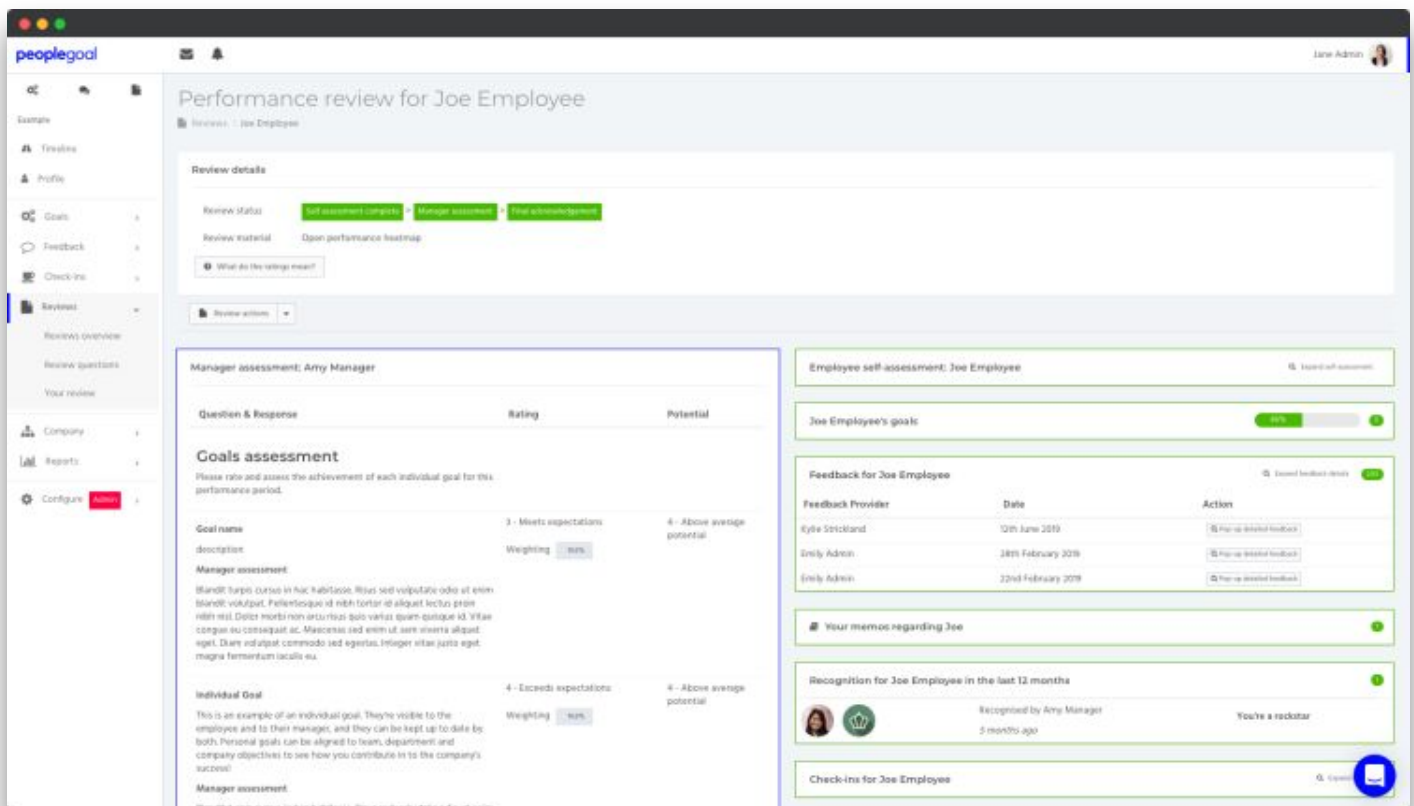
3. Prepare training and workshop materials

The biggest part of the review is letting your team members know **why the review is being conducted** and how they can get the best out of it. If employees aren't sure what the outcome of the review is they'll be reluctant to get on board. Managers often aren't comfortable being the sole judge of their employees' performance and will struggle to provide the criticism needed to improve. They also need to know what the company can offer in terms of training and career development. You can't leave this unaddressed or your performance reviews will continue to be ineffective and you'll undermine trust in the whole performance process. **Provide guidance** for your colleagues by preparing training decks and holding internal workshops. Teach everyone the techniques to deliver honest, actionable feedback. We have some helpful guides to [giving constructive feedback](#) and [encouraging feedback from employees](#) to get you started.

4. Communicate the performance review timeline and expectations

Give a clear framework for the review timeline and the **deadlines participants need to meet** well ahead of the review period. Publish the review content along with your timeline so that everyone has a chance to prepare. If they're aware of what's involved they can properly plan their time to get the most out of the review discussion.

You should make it clear to employees that they are driving the process of their self-assessment, and that it's just as important as the manager's assessment. Give them the tools to be autonomous and encourage their own self motivation - it's much more powerful than being dictated to.



5. Prepare your end of review cycle communications

What are the outcomes of the review? Who will be seeing the performance appraisal? What's expected from employees after the review is complete?

Answering all of these before the review period starts is just as important as the discussions themselves. Treat your employees like the adults they are - you need to be transparent in what the performance review means and follow up on the actions you've promised.

Types of Performance Review Questions

Competencies and values

Creating review questions for core competencies and your company values gives a good structure for you to measure performance across many different role types. Ideally everyone should be **displaying the company values in their approach to work**. It's important to be clear that you're reviewing **how** those behaviors are demonstrated, not what is inherent to someone's personality. What are the actual actions an employee took that showed leadership, for instance? What are some actions they can start doing to encourage better communication? The competencies framework works well with ratings (both on performance and potential) so that you can generate a company-wide report that pulls out where people are strongest and where more development is needed.

Team and department review questions

Don't be afraid to have different review forms for different teams. What matters most to your Marketing team might be completely different to your Administrative functions. When creating your review form for the first time, set aside some time for **discussions with team leads**. What does your Operations department value most? Where does your Head of Sales want to rate and track the achievement of their team? This makes the review much more **relevant and specific**, and will tie back to the unique goals of the org unit.

Role specific review questions

Role-based review questions are excellent for organizations with **defined levels of seniority** and competency, particularly in consulting businesses. You can work with your job roles, e.g. Analyst, Associate, Director, VP and Managing Director. You'll have a consistent set of questions across every role that evaluates job-specific competencies relevant for the employee's level in the organization. You'll then have much more clarity in your reporting to support succession planning, and it becomes clear to the employee and manager what they need to demonstrate in order to move up in their career.

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Goal based review questions

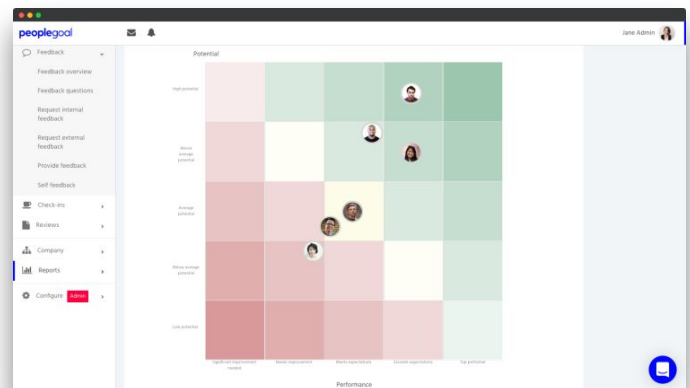
Goal-based questions are an essential part of the performance review to reflect on what was planned, what was achieved and where things went off track. So long as you have your goal process defined with regular check-ins, the review time doesn't require a lengthy discussion of each individual goal. You should rather focus broadly on whether the goals were too easy or too difficult, what coaching is needed to drive more development and if the context of the goals are clear and relevant for the organization. You can use your review time to set new objectives for the next cycle if it comes up naturally, but ideally that action should be a separate discussion.

Discussing compensation

Compensation and promotion should **not** be a part of the performance review discussion. When employees are aware that their answers and ratings are being used to evaluate a bonus there's no way they'll be able to give an honest reflection of their performance. You'll then find a big disconnect between the employee's self evaluation and their manager's assessment. Both of these undermine the ability to develop employees and see improvement in performance. The review itself should give a sense of whether the employee is ready for promotion, and you can run a compensation analysis on a separate cycle.

Ratings on Reviews

This is one of the biggest questions we're asked - **should we use ratings or not?** Ratings are very useful as an indicator only of where an employee stands according to your company's criteria. However, you run the risk of employees feeling they're reduced to just a number, and it's no help being given a rating without written reasons to justify it. Metrics are subjective, biased and flawed. Nobody has perfected a rating system so far! Ratings are great for leadership to build a report to get a sense of who needs developmental help, but they are not the be all and end all of performance management. Make sure to communicate to employees the reasons for using ratings. This again comes back to transparency in the process - when team members know the full context they're actually likely to ask for ratings to get an honest picture of their overall performance, so long as those ratings are backed up with recommendations for improvement.



Performance Review Mistakes to Look Out For

1. Long, irrelevant review questions

It's tempting for HR to try to gather as much analysis as possible in the review form. But it's no wonder that nobody wants to participate when there are 20+ "agree / disagree" type questions with no real relevance to an employee's job role. **Separate the review** out from feedback, pulse surveys, the engagement survey and all your other HR touchpoints. Keep your questions focused on actionable development.

2. Managers avoid raising difficult topics with their employees

You can see from the 360 degree feedback that an employee has a hotspot for improvement. You know it and they know it, but when looking at the review this was never raised. It's likely your manager is **uncomfortable giving criticism** and needs training to address this.

3. Responses are generic and nonspecific

From both the employee and the manager side, this probably means your review questions are not targeted enough. When the review form is relevant and specific to the individual's development there's no room for them to provide standard cut and paste answers. Teammates may also not be aware of context and importance of the review discussion, in which case you need to go back to your communications and highlight this.

4. The reviewer is not the employee's direct supervisor


While a line manager may oversee 25+ direct reports, are they actually the employee's day to day supervisor? For an effective performance review to **target specific improvements** the reviewing manager needs to have a deep knowledge of the employee's day to day duties and responsibilities. Don't worry about reviews following an organizational hierarchy if it's going to be at the expense of real performance improvement.

5. Rater bias

We're human and humans are prone to bias. If a manager is providing **inconsistent assessments** look out for signs of favoritism. Compare the manager's assessment to the 360 degree colleague assessments too - major differences are easy to spot. Rater bias is another reason not to take ratings at face value - look at **why** that rating was given and step in to calibrate ratings if necessary.

Performance Review Tips for Employees

PERFORMANCE
REVIEW TIPS FOR
EMPLOYEES



Be proud

Be honest and critical

Document your performance

Come prepared

Bring suggestions for development

peoplegoal

1. Be proud

Top performers are the least likely to rate themselves highly. The performance review is just as much about **celebrating successes** as it is about identifying weaknesses and using those to drive yourself forward. You can't do that if you're being needlessly humble.

2. Be honest and critical

In the same vein, it's difficult not to be defensive about where you've gone wrong. **Own up to mistakes** and you'll be able to recognize them in future. If you're going in to the review ready to paper over your challenges you're not going to get the support you need to overcome them.

3. Document your performance throughout the year

The easiest way to achieve 1 and 2 is to keep thorough records of your performance throughout the year. Even if your organization doesn't have a performance management system in place, keep a **performance folder** where you save all of your feedback and track and manage your goals.

4. Come prepared

If you've nailed step 3 you're already mostly there. In addition to that, read the review form well ahead of the meeting to understand what it is you'll be discussing with your manager. Draft out your responses and make notes for yourself to keep things on track and make the best of your meeting time.

5. Bring suggestions for training and development

You're the one in charge of your own career. What are the **skills you need** to get you where you want to go? Your company will often have internal training courses or fund a program to provide learning and development. Bring those suggestions to your manager and you'll be surprised how much support is available to learn new skills. You can also create a **development plan** for yourself and bring this to your review meeting.

Looking for some inspiration in your next review? [Here's Jeshua](#) to take you through the key performance review phrases you can use to prepare for your appraisal.



Performance Review Tips for Managers

PERFORMANCE REVIEW TIPS FOR MANAGERS



Come prepared

Don't do the feedback sandwich

Stick to the review date

Listen more than you speak

Address training and development

peoplegoal

1. Come Prepared

Read your employees' self-assessments well ahead of time and make notes for the performance review meeting. Employees can tell when you're winging it and there's nothing more demotivating than a manager who doesn't care. You need to be **encouraging and engaging**, especially when intervening on poor performance.

2. Don't do the feedback sandwich

Wrapping up a negative criticism between two positive comments. We've all heard it and we know exactly what it means. **Be upfront with your criticism** and get to the point of what needs to be done to improve. Your goal is to build trust and that requires honesty. If you're stuck for words, we've got [70 useful performance review phrases for every function](#).

3. Stick to the review date

As much as possible **stick to the agreed date** and time of your review. Rescheduling sends the message that you've got more important things to do than focus on your employee.

4. Listen more than you speak

Your employee should be speaking more than half the time. The performance review meeting is their time to reflect on their progress and give you feedback on where you can support them.

Encourage employees to open up with open-ended questions. If you've paid attention to their 360 feedback you'll have an idea of where to direct those questions to bring up the issues that need attention. Keep the meeting spirit conversational.



5. Address training and development requirements

Be aware of what the company can offer in terms of **training and development**. Even if there aren't formal courses there are plenty of internal resources that can help your employee grow. Think back to your own experience of what worked for you to guide your employee in their self-development.

There's no need to ditch your performance reviews!

Appraisals needn't be an exhausting process if you set them up correctly and approach them as an ongoing conversation. When included as part of the continuous performance management process the review becomes an excellent period of reflection for both the employee and manager, and gives employees the chance to plan for their future development.



