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Re-Engineering Performance Management

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From Gallup's Chief Scientist of Workplace Analytics

Two forces are creating immediate disruption to what has traditionally been called "performance management" — changing to something better described as "performance development."

1. Organizations are discovering that their current performance management systems aren't yielding the ROI they assumed. Just one in five employees strongly agree that their company's system motivates them. Large organizations spend tens of thousands of hours and tens of millions of dollars on activities that not only don't work, but also drive out top talent.

2. The future of work is being shaped by extraordinary changes in technology, globalization and overwhelming information flow. Workers are asking for something different. They want a coach, not a boss. They want clear expectations, accountability, a rich purpose, and especially ongoing feedback and coaching.

Gallup set out to learn everything we could about the current state of performance management. So we reviewed and evaluated our own world-renowned databases of more than 60 million employees, as well as large-scale meta-analyses from researchers outside of Gallup containing hundreds of studies on goal setting, feedback, engagement, individual differences and competencies. We interviewed top scientists. We interviewed leaders, managers and employees. We wanted to learn what the best science had to say, as well as which insights were the most useful and actionable from leadership to the front line.

This report presents our best analytics and advice for our clients or anyone considering transforming their performance management system.

Sincerely,

Jim Harter, Ph.D.
Chief Scientist, Gallup

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The Evolving State of Performance Management

Traditional performance management systems are broken. Companies, leaders, managers and employees have long participated in time-consuming, frustrating performance reviews that have not yielded clear improvements in individual or organizational performance. Many industry leaders, such as Accenture, Adobe, Cargill, General Electric, Google, Microsoft and Netflix, have made headlines for pioneering large-scale changes to their traditional performance evaluation systems, and many more are considering reinventing their approach to performance management.

Gallup estimates the cost of poor management and lost productivity from employees in the U.S. who are not engaged or actively disengaged to be between $960 billion and $1.2 trillion per year. The cost of lost time spent on traditional approaches to performance evaluations alone is estimated to range from $2.4 million[1] to $35 million[2] per year for a company with 10,000 employees. More conservative estimates tend to exclude lost productivity costs and overhead costs, such as the cost of employee benefits, technology or human resources staff time spent on performance reviews. In 2016, Accenture estimated spending over 2 million hours on performance evaluations alone.[3]

However, before businesses attempt to redesign their performance management systems, it is important for them to understand which specific components of their systems are broken and why. Without that understanding, they will be unable to create a new system that provides valuable opportunities to more effectively define performance expectations, review progress, adjust goals, recognize accomplishments and develop employees on an individualized basis.

In this science-based position paper, we examine how performance management systems developed into what they are today and why traditional approaches to performance reviews are broken. We also present Gallup's science-based recommendations on how to transform ineffective performance management practices into effective performance development coaching and how to align employee development with sound performance measurement and accountability practices.

What Is Performance Management?

Armstrong and Baron define performance management as "a process that contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, [performance management] establishes a shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved."[4] They emphasize that effective performance management should be a holistic people management strategy and that it should pertain to every area that substantially influences employee decision-making, such as human resource policies, culture, performance targets and communication systems.

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1   Rogel, 2012

2   Pulakos, 2015

3   Rafter, 2017

4   Armstrong & Baron, 2000

Unfortunately, Gallup research shows that traditional approaches to performance management are leaving many goals of performance management unachieved. Gallup's 2016 investigation into the current state of performance management revealed that many employers are not fulfilling their employees' most basic performance management needs — from knowing how their job description connects to the work they do to having control over the metrics used to measure their performance. At the core of the performance management problem is a vivid and distressing picture of employees going to work every day and facing unclear job expectations, little coaching from their manager, unfair accountability practices and a lack of opportunities for development.

Only **2 in 10** employees strongly agree that their performance is managed in a way that motivates them to do outstanding work.

Simply put, **the purpose of performance management is to improve performance, but traditional approaches have consistently fallen short of this goal**. As such, many companies are abandoning traditional approaches to performance management because they have failed to clarify expectations, foster continual improvement and inspire employees to perform at their best.

To understand why traditional performance management systems have come under fire, we must first examine why these tools, tactics and strategies exist.

Traditional Approaches to Evaluating Performance

Documented use of performance evaluations dates back to at least the third century in China, with the Wei Dynasty's use of a "nine-rank system" for evaluating civil service officials. However, modern-day organizational use of performance evaluations first gained widespread notoriety during WWI, when military forces began using performance ratings as a means to identify soldiers whose poor performance merited a dismissal. After WWI and WWII, performance evaluation systems became more common in nonmilitary organizations. As companies began increasing in size in the 1960s and 1970s, performance evaluations were popularized as a way to manage a company's burgeoning workforce and make the assessment process as uniform as possible. Companies saw annual reviews as a mechanism for setting uniform performance standards and making advancement decisions. Often, these performance evaluations relied heavily on performance ratings and forced rankings to determine how well employees were performing, how they compared to their peers, and how to award merit pay and promotions.

Performance Ratings

Performance rating systems range from describing the specific behaviors that an employee exhibits, such as being a "satisfactory" communicator, to providing an overall evaluation of all performance behaviors, such as being a "role model performer" versus an "average performer."

This approach aims to hold all employees in the same role to the same performance standards and creates the opportunity to give employees specific feedback on how to improve upon the rated behaviors.

However, a primary flaw of performance ratings is that managers often choose them based on subjective judgments about behaviors that they may not regularly observe, and these subjective judgments are commonly plagued by implicit decision-making biases. Common decision-making biases that adversely affect the accuracy of performance ratings include personal and idiosyncratic biases, halo effect, central tendency, leniency and strictness, and spillover effect biases, discussed later in this paper. For example, managers, like all human beings, are more inclined to like people who are similar to themselves, so they may give more favorable evaluations to employees with a work style, personality or background that is similar to their own.

Further, managers are generally unable to dissect and evaluate employees' behavioral tendencies with any level of granularity or consistency, clouding their ability to evaluate performance accurately. For instance, when employees perform well on a few important tasks, managers may assume they perform well on other tasks too. Similarly, when workers make mistakes, their subsequent performance may be trusted less and scrutinized more harshly than would be typical with other employees. Another example is the "water cooler effect." This occurs when an employee is seen chatting with colleagues or heard saying something inappropriate — and going forward from that moment, a manager subconsciously remembers that instance of negative behavior and applies a negative perception toward the employee when evaluating performance.

Managers also may choose ratings that allow them to avoid the work of justifying exceptionally low or high ratings. For example, managers might be overly lenient in their ratings of poor performers because it is more work to document and justify why an employee is a low performer and to determine — in partnership with human resources — what should be done about it. Low performance ratings typically require follow-up action, such as putting underperforming workers on performance improvement plans or terminating them. Exceptionally high ratings often have to be justified and defended as well, because they signal that an employee should be considered for advancement opportunities such as increased compensation, a promotion and/or inclusion in a high-potential program.

Forced Rankings

During WWI, performance ratings were effective for determining discharges and transfers. But during WWII, military operations leaders identified the need for a tool that more efficiently helped them select the very best performers who should be promoted to leadership ranks. In response, forced ranking systems were used to identify the very top candidates for promotion to a higher rank. Forced ranking systems compare all individuals on a team against each other by ranking each person in order of performance. Managers are often asked to label a predetermined proportion of employees as top performers (for example, the top 20%), average performers (the middle 60%) or poor performers (the bottom 20%).

The advantage of a forced ranking system is that because the system does not allow managers to give all employees favorable ratings or place them all in the same performance classification, it provides a comparison that helps demonstrate which employees the company considers most

valuable. This information can be important when managers are considering which employees to promote or challenge with additional responsibilities.

A primary disadvantage of this approach is that managers only evaluate employees relative to how others perform, so the system does not necessarily reflect the fulfillment of clear performance standards for each employee. A good performer could rank relatively low on an outstanding team, while that same performer could rank high on a lower-performing team. As a result, rankings do not reflect the employee's actual performance, only the rank in relation to others on a team. This problem is particularly acute on small teams because only a few employees can be in the top 10% to 20% of performance. Thus, on a truly high-performing team, outstanding employees will be offended when they are incorrectly labeled as "mediocre" or "below average" despite performing better than employees on other teams and being hugely valuable to the organization.

Rankings can also induce competition among teammates. Some employees intentionally impede others' performance to receive a more favorable head-to-head ranking, which leads to breakdowns in team cohesion, collaboration and organizational performance.

Standardized Performance Criteria

Regardless of the type of metrics used to evaluate performance — ratings, rankings, goals or objective metrics — companies historically have embraced standardized performance evaluation forms as a tool for defining performance expectations and tracking progress consistently across the organization. Many companies intend for performance evaluations to help managers determine what employees have accomplished over the course of a year and what they need to improve. Further, at performance evaluation meetings, managers are expected to discuss employees' performance in the spirit of providing feedback — ideally to motivate performance improvement as prescribed on the form.

Within traditional performance management systems, performance ratings and rankings have become crucial tools for standardizing performance evaluations and have given leaders and managers a sense of control over employees' performance. The perception is that companies can use ratings and rankings to set clear, measurable performance standards and require employees to comply with them. But it isn't that simple — narrowly focusing on these flawed metrics alone during an annual review is not an effective method for inspiring better long-term performance.

Only **14%** of employees strongly agree that the performance reviews they receive inspire them to improve.

Many organizations have long assumed that after employees receive ratings or rankings on an evaluation form, they then know how to adjust their performance to match the standards defined on the form. After all, a hallmark of traditional performance reviews is extreme standardization with little room for individualization. This approach may have been effective when performance evaluations were first invented, as job responsibilities were more consistent across roles at that time. However, the way work gets done within organizations has

dramatically changed due to technology, globalization, matrixed teams, distributed teams and stretch/hybrid roles. More than ever, employees tend to work in dynamic environments where their responsibilities are continually changing. Even employees in similar roles often have job demands that are increasingly different from their peers' job demands. These new requirements of the modern workplace require a more dynamic, individualized approach to understanding performance expectations and delivering stronger performance.

Pay and Promotion Decisions

In addition to over-relying on ratings and rankings to describe an employee's performance, managers and leaders have largely viewed annual reviews as an opportunity to evaluate employees so they can determine how much to pay people and whom to promote. By linking pay incentives to ratings and rankings, leaders and managers have assumed employees will be motivated to comply with performance standards, which would presumably result in productivity uniformly improving across the organization. Unfortunately, the use of incentives as a primary motivator of performance often leads to unintended consequences like gaming the incentive system, poor collaboration and neglecting responsibilities that are not incentivized. Further, relying solely on subjective ratings and rankings to make pay and promotion decisions often feels inaccurate and unfair to employees.

The Decline of Traditional Approaches to Performance Management

Fast-forward to today's widespread call for the overhaul of performance management. Companies have realized that traditional performance management systems that focus primarily on annual performance ratings or forced rankings are not particularly effective at motivating, assessing or improving performance. Instead, the annual review process is often discouraging and disengaging for employees — which also makes it undesirable to leaders, given the enormous time investment required from managers, employees and system administrators.

The annual review's reputation for being inaccurate and unfair is at the heart of employees' negative feelings toward this traditional approach. **When employees see their work minimized to a single number that describes their performance, whether it is a rating or a ranking, their focus shifts from how to improve their performance to whether their manager is qualified to judge their performance.** Employees then evaluate the accuracy and fairness of the judgment, discount constructive feedback and coaching, and stop listening to their manager's feedback. These perceptions leave many employees feeling upset with their manager and company, which gives them a negative outlook on their career.

29% of employees strongly agree that the performance reviews they receive are fair, and **26%** strongly agree they are accurate.

Because annual reviews make employees feel disengaged and less trusting of their company, many businesses are opting to replace traditional reviews with different performance evaluation processes. To do that effectively, they must first consider which parts of their current review processes are worth preserving and which fall short.

Performance reviews have merit when they offer opportunities to hold employees and managers accountable to measurable standards, discuss developmental opportunities, learn from the past, and plan for the future. They fall short when they are perceived to be an annual event that is overly focused on criticizing past efforts and determining pay and promotions. Some symptoms of performance reviews falling short manifest when they don't help clarify expectations, create a road map for success, support ongoing feedback, recognize accomplishments, accurately reflect performance or focus on future performance opportunities.

A Closer Look at the Annual Review

To re-engineer the performance review process, managers and leaders must understand why employees feel their performance reviews are inaccurate and unfair. Our analysis reveals that employees' aversions to traditional performance reviews are strongly tied to five primary psychological obstacles: **infrequent feedback, lack of clarity, manager bias, adverse reactions to evaluation and feedback, and too much focus on pay incentives**.

- **Infrequent feedback.** The "recency effect" posits that people are most likely to remember their most recent experiences best. As such, performance feedback is most valuable when people receive it immediately after an action. By receiving feedback close to when performance occurs, the employee can more vividly remember the details of the event and more effectively determine how to use that feedback to perform better in the future.

  The traditional annual review, which occurs far too infrequently to provide timely feedback, prevents managers from accurately recalling details of an entire year's worth of performance. Managers struggle to recall performance from months ago, which results in an over-reliance on more recent actions. This problem worsens as performance demands or goals change throughout the year. When performance evaluations do not capture the changing demands placed on employees, annual reviews cannot accurately reflect employees' day-to-day performance.

  Not only does this destroy the accuracy of a performance evaluation, but by the time feedback is shared during an annual review, it's much too late for deep learning to occur, or for the employee to address the issue in a timely manner.

  Timely feedback is more likely to be helpful and feel constructive, while delayed feedback seems more like evaluation and criticism of past mistakes. Telling employees that they did something wrong or need to improve a behavior after it is too late to make a useful correction feels judgmental and punitive. In contrast, when managers review recent performance situations — "game film" — with an employee, the discussion is more situationally relevant and development-focused, reducing the risk that an employee will form negative feelings about the communication.

  Gallup asked employees how often they receive performance reviews, and the vast majority — 74% — report receiving a review once per year or less often. About one-fourth of all

individuals report receiving a performance review less than once a year. In contrast, one-fourth of employees receive a performance review at least every six months.

MAJORITY RECEIVE REVIEWS ONCE A YEAR OR LESS

HOW OFTEN IS YOUR PERFORMANCE FORMALLY REVIEWED?

Weekly	**2%**
Monthly	**3%**
Quarterly	**7%**
Every six months	**14%**
Annually	**48%**
Less than once a year	**26%**

- **Lack of clarity.** Traditional annual reviews not only provide feedback too infrequently for it to be actionable, but their ratings and rankings are often too vague to help employees know how to improve their performance. For example, when a manager evaluates all employees using the same items and rates their performance using a 1-to-5 scale, employees only know that they "performed effectively," "performed ineffectively" or performed at some level in between, yet that number typically affects their pay.

A fundamental flaw in most annual reviews is that managers do not tailor them to reflect what they expect of each employee, and they do not help workers prioritize what to do next. Rating scales and rankings do not specify the actions, moments and results that define performance, nor do they describe the impact or value that employees bring to the company. This immediately puts employees on the defensive and can make them feel unappreciated. However, workers do not just want a "feel good" process — they want to be pushed to be their best, and that can only happen when expectations are clear and reflect employees' day-to-day work.

26%

of employees strongly agree that the feedback they receive helps them do their work better.

- **Manager bias.** Employees think that traditional reviews are inaccurate and unfair because most are. Managers tend to be ineffective at subjectively evaluating performance because implicit human biases distort our capability to objectively evaluate other people. Additionally, employees tend to doubt whether their manager fully understands what they are required

to do to fulfill their responsibilities and whether their manager can accurately evaluate performance with minimal awareness of employees' daily actions and accomplishments.

A study by Viswesvaran, Ones and Schmidt (1996) finds that individual supervisory ratings are a much less reliable measure of performance than objective metrics such as productivity and financial data.[5] Another study by Scullen, Mount and Goff (2000) indicates that 62% of the variance in ratings can be attributed to rater bias, while actual performance accounts for just 21% of the variance. These studies demonstrate that employees are rightfully concerned about the accuracy and fairness of supervisory performance ratings. While ratings may be an indicator of employee performance, they also may reflect a manager's often-unstated expectations and implicit bias. For example, performance ratings are often riddled with common decision-making biases such as idiosyncratic bias, halo effect, central tendency and spillover effect (see Appendix A).

- **Adverse reactions to evaluation and feedback.** Employees often react negatively to performance ratings because they minimize employees' contributions to a number on a rating scale or a ranking relative to other employees' ill-defined contributions. Managers not only rate employees in ways that lack substance and show bias, but employees also have varying cognitive reactions to how they interpret and receive feedback.

  When employees have a negative reaction to evaluation and feedback, they are unlikely to be motivated to perform better following their performance review. If that review occurs annually, it may be a long time before managers can counteract those negative feelings. Some examples of negative cognitive reactions to performance evaluations include fight or flight response, loss aversion and fixed mindset framing (see Appendix B).

- **Too much focus on pay incentives.** Many employees are averse to performance evaluations because they often are tied closely to pay and promotion decisions. When workers feel that the evaluation system is inaccurate and unfair, they assume they will be paid and promoted unfairly as well. Even if employees believe their evaluations are fair, a close tie between performance ratings and pay decisions shifts employees' focus during a performance review from absorbing developmental feedback to worrying about their paycheck. Key issues related to connecting pay to incentives are further discussed in Appendix C.

Only **21%** of employees strongly agree that their pay and incentives motivate them to achieve their goals.

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5   Schmidt & Rader, 1999

A Call for Change

In summary, because of the inherent bias in performance ratings and rankings, infrequency of feedback, and employees' adverse reactions to the evaluation process, traditional performance reviews tend to demotivate employees. Managers develop these reviews using insufficient information and processes, which creates uncomfortable — if not seemingly threatening — personal conversations and interactions that do not teach or inspire employees to continually improve.

Managers also face a challenge in using the same standardized evaluation form to connect with and review very different employees. An important aspect of constructively reviewing performance is individualizing feedback and authentically appreciating each employee's unique strengths and job responsibilities. Further, it can be difficult to balance relationship building with delivering constructive feedback. Managers may fear damaging the relationship by being too frank, yet they need to provide candid feedback that holds employees accountable to a high standard.

Despite all of the problems with traditional annual reviews, a well-constructed performance management process can be a valuable developmental tool for managers and employees. For evaluations to be effective, managers should deliver feedback that is ongoing, fair and constructive. This challenge causes leaders to wonder if they should fix or abandon their current performance management system. Our answer is: It depends on what is broken and what you are trying to achieve.

In the following sections, we address important considerations for how organizations can fundamentally change the way they approach performance management. We start by discussing what employees want from their employer and how their manager can become their best resource — rather than their biggest hurdle — for achieving exceptional performance and advancing personal development.
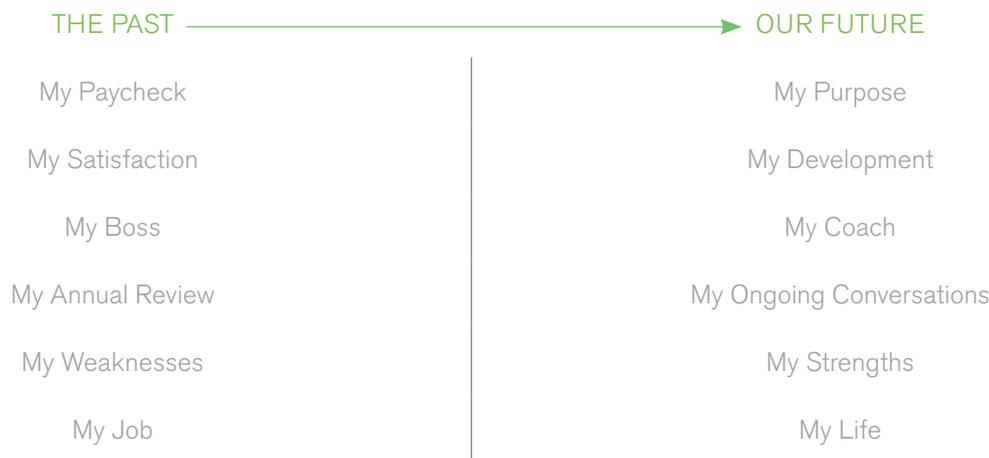
What Employees Want From Their Company and Manager

The modern workplace presents many challenges for employees and managers, including changing job requirements, fast-moving technology, global connectedness and matrixed teams. Remote workers and millennials also place new demands on managers. The workplace is evolving, and so must the way employees are managed and developed.

A thorough investigation of these changes has revealed that employees are demanding a shift away from traditional performance management practices and toward "performance development" that is individualized to their natural talents, performance needs and sense of purpose.

EMERGING WORKPLACE EXPECTATIONS ARE SHIFTING

WHAT FUTURE WORKPLACES WANT AND NEED

THE PAST	OUR FUTURE
My Paycheck	My Purpose
My Satisfaction	My Development
My Boss	My Coach
My Annual Review	My Ongoing Conversations
My Weaknesses	My Strengths
My Job	My Life

What the New Workforce Seeks When Applying for a Job

The generational mix of employees is shifting in today's workforce. As baby boomers retire, millennials are quickly becoming the largest population of employees. Combined with changing market and technology influences, this new segment of workers — who account for 38% of the U.S. workforce — is driving much of this management shift. They are the largest proportion of the U.S. workforce and the majority of new hires in organizations. They are also the generation least likely to be engaged in the workplace. Millennials want to be managed differently than employees have before, and when their needs are not met, they are not psychologically committed to their company. Instead, they function as free agents, always looking for fresh opportunities. In fact, 60% of millennials in the U.S. workforce say they are currently looking for a new job opportunity.

Companies need new performance management strategies to engage their employees. But to implement changes effectively, they need to know what attracts employees to employers and

what does not. To better understand what attracts them to organizations and how they want to be developed, Gallup asked employees what they need from their employer and manager.

WHAT DOES THE MODERN WORKFORCE SEEK IN A CAREER?

EMPLOYEES' TOP NEEDS FROM EMPLOYERS	EMPLOYEES' TOP NEEDS FROM MANAGERS
Opportunities to learn and grow	Job clarity and priorities
A good manager	Ongoing feedback and communication
High-quality management	Opportunities to learn and grow
Interest in type of work	Accountability
Opportunities for advancement	

The stereotype of what a modern workplace should be like is often portrayed as a fun work environment with pingpong tables, basketball courts, free food and ultramodern workspaces. Instead, Gallup data suggest that the new workforce is most interested in opportunities to learn and grow, as well as a manager who cares about them as people. They want interesting work that makes a difference in the world and aligns with their personal sense of purpose. They also want the opportunity to advance as they develop. It takes a great manager and an empowering performance development approach to create career opportunities that consider these desires.

What employees want from their manager differs markedly from what they receive in traditional performance reviews. Employees want their manager to provide clear expectations and help them prioritize what they should do next — and they do not want to wait for an annual review to receive that direction. They need their manager to know what they are working on and to coach them toward excellence — because talented, dedicated employees want to be held accountable for their performance. The needs of the changing workforce reflect why a company's performance development program should continually clarify expectations; review progress frequently in a constructive, future-oriented way; and focus on developing and applying employees' strengths.

"Individualizing performance to each person is paramount to modernizing performance management, and managers must work to understand how these universal needs manifest for each employee."

Gallup's analysis indicates that employees in different types of roles and from different generations may have different priorities regarding what they value most. But as humans who

desire meaning and growth from their job, the above needs tend to be universally important to everyone. That said, individualizing performance to each person is paramount to modernizing performance management, and managers must work to understand how these universal needs manifest for each employee.

In the following section, Gallup offers a solution for re-engineering performance management in a manner that integrates robust research findings, best practices and an understanding of what needs to change. Gallup's approach aims to fundamentally realign and integrate best practices in evidence-based management, beginning with making performance an everyday dialogue that cultivates authentic and effective relationships. We aim to provide a science-based framework that is simple to understand and apply but utilizes sophisticated concepts that managers and employees can continually strive to master.

The Shift From Performance Management to Performance Development

Organizations have come to realize that traditional approaches to performance management do not effectively motivate employees. In fact, they often have the opposite effect. And that is unsettling to organizations and employees alike, given the importance of performance improvement and the time and resources that leaders, managers and human resources staff invest in measuring performance. Many organizations have chosen to stop wasting resources on annual reviews and discontinue their use. But before leaders run away from the problems of the past, they should understand what they are running toward.

Performance management has buckled because organizations have prioritized measurement over development. Yet, development is key to improving performance. Measurement still matters, but it has to be reframed and designed to support development and performance improvement.

Managers carry the utmost responsibility for guiding and inspiring employee performance, and organizations and leaders have an immediate opportunity to enhance managers' abilities to fulfill these responsibilities. To change how performance is achieved, organizations must begin to philosophically and functionally shift from performance management to performance *development*.

Successful performance development is not just about changing the way annual reviews are conducted. Rather, performance development is about creating a cultural shift in how people work and how they work together. Moving from performance management to performance development requires managers to think of themselves in a new way: as a coach, not a boss.

Bosses operating within traditional performance management systems have struggled to inspire and develop employees because this approach consistently leads to:

1. unclear and misaligned expectations
2. ineffective and infrequent feedback
3. unfair evaluation practices and misplaced accountability

Instead, organizations can transform their managers into coaches by teaching them to effectively and cohesively:

1. establish expectations
2. continually coach
3. create accountability

When performance becomes focused on these core principles, manager-employee interactions and discussions feel encouraging, purposeful and rewarding in ways that annual reviews do not. Creating a culture of performance development around this cadence of core principles also helps employees better own their performance, development and career.
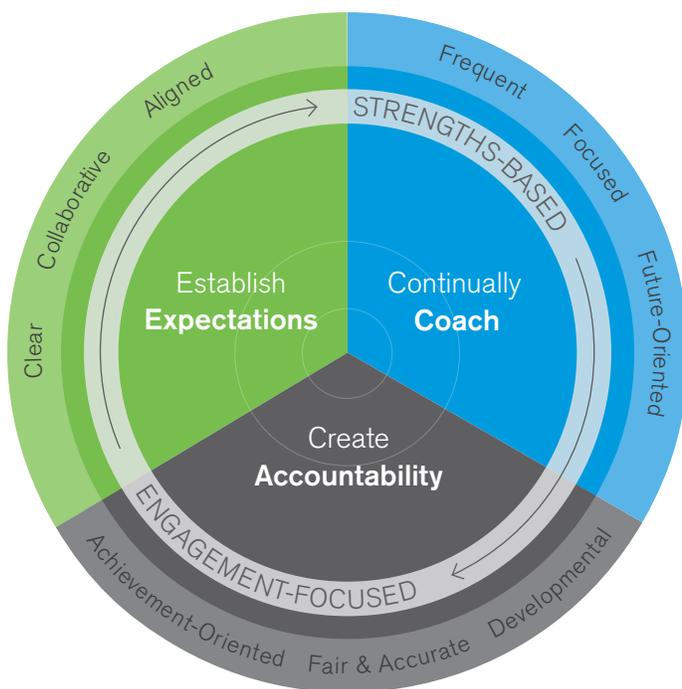
Establish Expectations

Decades of management studies and practices have proven the importance of effectively establishing expectations. Locke and Latham's Goal Setting Theory, Drucker's Management by Objectives (MBO) strategy, SMART goals and the famous Balanced Scorecard (BSC) have all proven the criticality of defining performance expectations and tracking progress against them. Locke and Latham have provided arguably the most prolific pipeline of research on performance expectations, examining various types, circumstances and outcomes of goal-setting methods. Their work goes so far as to teach us that just the act of setting personally meaningful goals creates a motivational force called "intrinsic motivation." And even more importantly, they discovered that intrinsic motivation tends to have an independent, and often stronger, impact on work quality than the "extrinsic motivation" people experience when pursuing tangible rewards for performance.[6]

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6   Locke & Latham, 2002; Cerasoli, Nicklin & Ford, 2014

However, despite the substantial impact that goal setting, MBO and BSC have had on organizational productivity, these practices have somewhat lost their luster. HR leaders, employees and managers, alike, are reporting extreme difficulty associated with effectively setting goals and even more difficulty supporting goal achievement with effective coaching. They are lamenting that effective goal setting requires more than telling people to set SMART goals and that effective coaching requires more than just talking to people more often.

These difficulties associated with performance expectations are particularly alarming because multiple meta-analyses demonstrate that the effectiveness of goal setting and subsequent performance is largely determined by: 1) goal clarity and specificity, 2) appropriate goal difficulty, 3) involving employees in the process, and 4) feedback and progress monitoring as performance occurs.[7] It seems that despite an abundance of research on effective goal setting, managers are either unaware of best practices, or the vast amount of research has been difficult to translate into a simple but optimally effective framework that can be easily applied to daily management responsibilities.

To better understand the primary problems the workforce is experiencing with performance expectations and how to overcome them, Gallup conducted a series of studies targeting how employees are experiencing performance management and what needs to be changed.

One of our more eye-opening discoveries was that *only one in two employees clearly know what is expected of them* when they go to work every day. Given that employees need well-defined expectations and goals to perform with excellence, this statistic alone raises many more questions as to how this could be and what to do about it.

Clear expectations often start with a job description, but that description must reflect the employee's actual work. Just 41% of employees strongly agree that their job description aligns well with the work they do. Those who strongly agree with this statement are **2.5 times** more likely than other employees to be engaged. Employees greatly benefit from having a distinct path to follow, and without one, they can feel aimless.

50%

of employees clearly know what is expected of them at work.

In addition to needing an applicable job description, employees benefit from having goals that both the manager and employee agree on before performance occurs. Performance management conversations have a history of being one-sided and one-dimensional. Too often, managers set the same expectations for all employees, forcing people into the same model or peer-to-peer comparison group. And they tend to do so without having a full grasp on what employees actually do day to day. Only 34% of employees strongly agree that their manager knows what projects or tasks they're currently working on, and a meager 26% of employees strongly agree their manager is good at helping them set work priorities.

By contrast, when managers involve employees in creating performance expectations, this collaborative process ensures employees have a voice in setting expectations that are fair,

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7   Rahyuda, Syed & Soltani, 2014; Harkin et al., 2016; McEwan et al., 2016

relevant and challenging. The process creates buy-in and helps employees define success for their role. While just 30% of employees strongly agree that their manager involves them in setting their goals at work, those who do strongly agree with this statement are **3.6 times** more likely than other employees to be engaged.

Employees also feel frustrated when managers fail to help them connect their role to the bigger picture. The modern workforce wants a job that feels meaningful. They need to be able to clearly see how their role contributes to the success of their team and organization. When employees have this sense of purpose, their engagement soars. Employees who strongly agree that they can link their goals to the organization's goals are **3.5 times** more likely to be engaged. Unfortunately, only 44% of employees strongly agree they can see this connection.

In summary, one of the most crucial requirements for developing outstanding employee performance is ensuring that employees are clear about the work they need to do and what qualifies it as successful. In a fast-paced workplace where it is common for employees to experience matrixed teams, stretch assignments, cross-training, doing more with less and having multiple stakeholders to answer to, it can feel daunting trying to determine what to do each day — and in what order to do it.

If managers and employees do not have a shared understanding of what needs to be done today, tomorrow, next week and into the future, it becomes difficult for employees to meet or exceed performance expectations. Nothing makes an employee's work more difficult than unclear performance targets, constantly changing targets or conflicting goals.

Thus, one of the most effective ways for managers to avoid these issues is to collaborate with employees to determine performance expectations based on employees' abilities, aspirations and developmental needs. Then, together, they can clearly identify performance targets and determine the most important objectives to prioritize.

A good manager not only establishes expectations and gives employees a voice in the process, but also helps employees understand why their role exists and how their role expectations align with team and organizational objectives. The following guidelines describe the key criteria for establishing expectations that are **clear**, **collaborative** and **aligned**.

- **Clear.** The fundamental requirement for setting performance expectations is ensuring the manager and employee are clear on which duties the employee is responsible for; what defines outstanding, acceptable and unacceptable performance; and how performance will be measured. When thinking about setting expectations, it's important to "start with the end in mind" and define what success will look like and how it will be measured. Only by defining and agreeing upon a clear vision for success can performance and collaboration be improved en route to fulfilling performance expectations.

  Another key aspect of clarifying expectations is creating a shared understanding of the importance and cadence of work expectations. Employees often need help prioritizing

26%

of employees strongly agree that their manager continually helps them clarify priorities.

expectations. When managers help employees prioritize, they take co-ownership in how work gets done and can help adjust priorities as needed when employees are caught between conflicting demands.

To help set priorities, a manager must take a close look at an employee's workload and consider how it affects the team and company. A manager may reconsider which work is most important, where the employee has inefficiencies and whether staffing levels are appropriate for the work at hand.

Setting priorities creates an understanding between managers and employees that defines what is urgent and what can wait. Managers gain awareness of when work cannot get done because certain barriers to performance exist or because employees are simply stretched beyond their capacity. Manager-employee relationships become stronger when both parties rely on one another to succeed.

Prioritizing expectations becomes particularly important when employees work in a matrixed organization, which requires them to balance responsibilities across different work teams and managers. Multiple teams and managers often want their projects prioritized over other teams' projects. If employees have established guidelines with their primary manager for prioritizing their work, they can apply those guidelines when deadlines conflict and ask for their primary manager's help in balancing their priorities.

- **Collaborative.** Research on goal setting by Locke and Latham,[8] multiple meta-analyses[9] and Gallup studies show that people tend to find goals to be more fair and motivating when they have a voice in setting them. Collaborative goal setting also ensures that performance expectations are fair, relevant and challenging. Therefore, managers and employees should work together to set expectations.

Setting goals that employees have the prerequisite expertise to accomplish and ensuring goals are appropriately challenging are particularly important.[10] Beyond preparedness to pursue challenging goals is the importance of being genuinely interested in one's work expectations. When employees have a personal interest in their goals, they tend to perform better.[11] As such, collaboratively setting goals allows managers to challenge employees to pursue meaningful goals that are appropriate for workers' abilities and resources, and it gives employees an opportunity to define success and feel the gratification of accomplishing a personal goal.

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8   Locke & Latham, 2002

9   Cawley, Keeping & Levy, 1998; Colquitt, Conlon, Wesson, Porter & Ng, 2001

10   Mone & Shalley, 1995; Brown & Latham, 2002; Jeffrey, Schultz & Webb, 2012

11   Sheldon & Elliott, 1998; Koestner, Lekes, Powers & Chicoine, 2002

Collaborative goal setting can also create a psychological contract between employees and managers that builds trust when employees fulfill a commitment managers helped them accomplish. Collaboratively created goals become "our goals" instead of "your goals" or "my goals."

30% of employees strongly agree their manager involves them in goal setting. These employees are nearly **4 times** more likely to be engaged than other employees.

- **Aligned.** Individuals and teams perform better when an employee is responsible for both individual and team goals.[12] Therefore, the work individuals perform and goals they pursue should align with the purpose and goals of their team and organization. Employees need to understand their company's strategy and values so they can see a connection between their performance and the company's success. Then, when employees develop personal objectives while keeping the company's areas of focus in mind, they will have a greater positive impact on the organization.

Traditionally, objectives have been cascaded down from leaders to managers to employees. However, alignment is more effective when employees look closely at their own responsibilities and fulfill them in a manner that aligns with the purpose and goals of their team and organization, rather than simply receiving goals from their manager.[13] For instance, if a company values service over sales, employees should come to work thinking about how they can achieve their daily responsibilities in a manner that puts their customers' best interests at the center of everything they do.

If employees cannot make a connection between their work and the purpose and goals of their company, they will not commit fully to their work, which could have an adverse effect on customers, products and coworkers.

Managers and employees, together, need to understand and commit to a company's purpose, brand and culture before they can consistently align role-specific expectations with the business' strategic direction. Research shows that employee productivity increases by 56%, on average, when managers are involved in helping employees align their goals with the needs of the organization.[14] Without manager involvement, productivity only improves by 6%, even with collaborative goal setting and feedback processes.

Aligning individuals' performance expectations with team goals ensures that they do

44%
of employees strongly agree that they can see how their work goals connect to the organization's overall goals.

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12 Pearsall, Christian & Ellis, 2010; Courtright, Thurgood, Stewart & Pierotti, 2015

13 Pulakos, 2015

14 Rodgers & Hunter, 1991

not conflict and that employees' expectations support teamwork. Employees whose expectations align with team goals understand that they are expected to both give full effort to their personal responsibilities and collaborate well with coworkers.

Continually Coach

Much of the criticism aimed at performance management focuses on the annual review — and for good reason. While these more formal conversations can be worthwhile, managers often rely on them too much as their primary opportunity for providing employee feedback. Unfortunately, the overall amount of feedback that employees receive from their manager tends to be dismal and needs much improvement. Forty-seven percent of employees report having received feedback from their manager "a few times a year" or less often in the past year. In fact, 19% of employees receive feedback from their manager once a year or less. Thus, given the absence of advice provided by managers, it is no surprise that only 34% of employees strongly agree that their manager knows what projects or tasks they are working on.

MORE THAN HALF OF EMPLOYEES RECEIVE MINIMAL FEEDBACK FROM THEIR MANAGER

HOW OFTEN DO YOU RECEIVE FEEDBACK FROM YOUR MANAGER?

Daily	7%
A few times a week	19%
A few times a month	27%
A few times a year	28%
Once a year or less	19%

Not everyone is devoid of coaching from their manager. About one-fourth of employees receive feedback from their manager at least a few times per week, suggesting that some do receive a good amount of manager contact. Another one-fourth receive manager feedback a few times a month, which reflects a substantial deficiency but not a complete absence of communication. **Overall, based on the frequency of manager feedback alone, it appears that one-half of the workforce receives very little coaching, a quarter receives some coaching and another quarter receives a good amount of coaching.**

Performance is not an episodic event — it happens every day. Continual coaching helps managers and employees create an ongoing dialogue about performance expectations and individualized developmental needs. By creating an ongoing conversation about performance, barriers can be removed, opportunities can be seized and expectations can be adjusted when circumstances change.

In addition to keeping managers and employees on the same page, continual coaching helps establish an authentic relationship, which can't be built during a few formal meetings. The

working relationship between a manager and employee represents a vital link to performance that must be continually nurtured. As such, employees need to talk to their manager about their progress more than once or twice per year to move the needle on performance.

In fact, continual communication and coaching are so crucial for performance development to succeed, Gallup has found that employees who strongly agree they have had conversations with their manager in the past six months about their goals and successes are **2.8 times** more likely to be engaged. Multiple meta-analyses reiterate the importance of continual coaching, as they have found that goal setting has a stronger positive effect on performance when it is accompanied by progress monitoring and feedback.[15]

While the frequency of coaching conversations must increase, the content of these ongoing conversations also needs to feel purposeful and individualized to employees' performance needs. Gallup finds that only 20% of employees strongly agree they have had a conversation with their manager in the past six months about the steps they can take to reach their goals, and just 19% strongly agree they have reviewed their greatest successes with their manager in the same period.

Further, several researchers have demonstrated that feedback is not always effective, depending on how it is conducted, and that many factors can moderate or mediate the effect of feedback on performance.[16] In fact, a meta-analysis by Kluger and DeNisi (1996) found that although feedback more often than not improves performance, in one-third of the studies they examined, feedback actually harmed performance. In many other studies, feedback had no apparent effect on performance.

Similarly, when Gallup asked employees how they are experiencing performance feedback, the results further illustrated that most managers are not providing the type of feedback necessary to drive better performance. Only 23% of employees strongly agree that their manager provides meaningful feedback to them, and 26% of employees strongly agree the feedback they receive helps them do better work. Those who strongly agree with these feedback elements are more likely to be engaged than other employees (**3.5 times** and **2.9 times**, respectively), demonstrating the need for managers to learn how to coach their employees more effectively. Thus, simply replacing or supplementing reviews with more frequent conversations won't be enough to motivate employees. Coaching discussions need to have substance and purpose without leaving the employee feeling micromanaged.

Different performance scenarios require different approaches. For instance, complex jobs require coaching that focuses more on defining general outcomes for success and giving employees plenty of autonomy and support to achieve those expectations.[17] Micromanagement and being too prescriptive about the steps to achieve a complex task tend to be ineffective for many complex jobs. In contrast, employees tend to perform better in less complex jobs when they have more specific goals and prescriptive steps for doing work.

Although individualizing coaching approaches for different jobs and employees is difficult to master, managers should not fear interacting with employees before they fully understand the ins and outs of performance conversations. Gallup's research emphasizes that managers can be confident that employees do want to forge an authentic relationship that includes talking

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15   Klein, Wesson, Hollenbeck & Alge,1999; Patterson et al., 2010; Harkin et al., 2016; McEwan et al., 2016

16   Kluger & DeNisi, 1996; Seifert, Yukl & McDonald, 2003; Smither, London & Reilly, 2005

17   Mone & Shalley, 1995; Winters & Latham, 1996

to them about both work *and* life. And that conversation can start today with getting to know employees and what affects their work on a daily basis.

Taking a deeper dive into what makes the manager-employee relationship tick, Gallup research finds that employees are more likely to be engaged when they strongly agree that they can approach their manager with any type of question and talk to him or her about non-work-related issues. Employees want to make connections, so managers should generally keep the lines of communication open and ensure their performance-related conversations inspire employees and help them do their best work. A 2012 meta-analysis by Pichler confirms that the quality of a manager-employee relationship is strongly related to how receptive employees are to performance feedback.[18] Thus, establishing a good working relationship perpetuates better performance conversations in the future.

In summary, one of the biggest deficits in traditional performance management practices has been the lack of ongoing coaching needed to create an open dialogue about performance. As companies transition from performance management to performance development, managers must learn to equip, inspire and enable employees by leading ongoing coaching conversations that create an everyday dialogue about performance, rather than merely documenting weaknesses. Employees should develop through their everyday opportunities to learn and grow, and coaching should be an iterative process rather than an occasional event.

Further, effective coaching requires more than just having frequent conversations with employees. Effective coaching requires different types of conversations that help employees anticipate, focus, prioritize and learn from their work. For example, effective coaches learn that there are strategic times and places for certain types of key coaching conversations such as discussing workloads, strategizing how to achieve specific goals, giving feedback about performance, proactively anticipating future opportunities and building relationships.

20%

of employees strongly agree that they have recently talked with their manager about steps to reach their goals in the past six months.

Though circumstances and employee preferences for the type, frequency and duration of coaching conversations differ from person to person, Gallup recommends focusing on three key principles that define effective coaching conversations: **frequent**, **focused** and **future-oriented**.

- **Frequent.** The most engaging managers in the world interact with their employees daily using many different modes of communication, such as email, phone calls, hallway conversations and videoconferences. Interacting daily does not mean that managers are constantly looking over their employees' shoulders or asking for progress reports. Employees need to know that their manager cares about them as a person, knows what they are working on and is available to them when they need support. Communication as simple as asking employees how their day is going or thanking them for recent good work shows appreciation and builds trust, encouraging employees to reach out for help when they need it. And by using different modes of communication to interact with employees,

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18   Pichler, 2012

from in-person to telephone to email to videoconference, employees begin to feel like their manager is more accessible and interested in their work.

HOW OFTEN DO YOU RECEIVE FEEDBACK FROM YOUR MANAGER?	MY MANAGER PROVIDES MEANINGFUL FEEDBACK TO ME.*	MY PERFORMANCE IS MANAGED IN A WAY THAT MOTIVATES OUTSTANDING WORK.*	PERCENTAGE WHO ARE ENGAGED
Daily	36%	29%	47%
A few times a week	31%	25%	39%
A few times a month	22%	19%	37%
A few times a year	13%	12%	27%
Once a year or less	6%	8%	15%

*Percentage who strongly agree

When managers provide daily feedback (versus annual feedback), their employees are:

- **6.0 times** more likely to strongly agree that they *receive meaningful feedback*

- **3.6 times** more likely to strongly agree that they are *motivated to do outstanding work*

- **3.0 times** more likely to be *engaged* at work

However, while more feedback is generally better than less feedback, the right amount and type of coaching vary by the individual and the type of work he or she is doing. Some employees prefer more frequent coaching conversations, while others prefer more autonomy. Certain work situations require more hands-on coaching, while other circumstances empower employees to do what they do best with minimal direction. The same amount of communication may feel like attentiveness to one worker and micromanagement to the next.

Although the exact amount of feedback employees need varies by person and task, **Gallup recommends that employees experience some form of coaching at least once per week**, whether that is recognition, constructive feedback or encouragement. When employees don't have contact with their manager at least once a week, engagement tends to fall substantially.

Frequent, constructive coaching may be the single most important area of performance development where managers tend to fail. These coaching conversations create a dialogue

about performance expectations that continually builds on itself and offers employees opportunities to apply lessons learned more immediately. In contrast, feedback from an annual evaluation is less likely to be immediately helpful or feel authentic because by the time employees receive it, many opportunities to apply insights from the feedback have already passed.

Employees who receive daily feedback from their manager are **3 times** more likely to be engaged than those who receive feedback once a year or less.

Natural opportunities to provide more frequent feedback occur during regular team interactions and meetings. Managers who teach team members to give each other feedback more often improve information sharing and increase clarity of team expectations, which helps improve team performance.[19] This phenomenon, called team reflexivity, occurs when teams regularly review recent performance so they can work together more cohesively in the future.[20]

Finally, finding the right balance between scheduled and unscheduled conversations takes practice and often requires adjustment over time. The best managers get a feel for what each employee needs, provide immediate feedback when employees need it, and schedule meetings at a pace that keeps employees informed and progressing while building the coaching relationship.

- **Focused.** One potential downside of ongoing coaching conversations occurs when the discussions lack focus. Frequent, unfocused conversations create or heighten employees' stress when managers introduce too many complexities, create conflicting expectations or assign additional tasks without providing clear direction. To help employees work efficiently, managers must be intentional and clear when assigning tasks and setting priorities.

  As clarity and specificity cannot be overstated when coaching employees, a best practice for keeping coaching conversations focused is to start the conversation by stating its purpose and expected outcome, and end the conversation with ensuring next steps are understood. However, when performance conversations only cover the manager's expectations, they are transactional rather than collaborative and developmental. Therefore, managers need to ensure coaching is also focused on employee needs and not just task expectations. For example, in the spirit of ensuring coaching conversations are developmental, managers might ask what the employee wants to discuss, review the employee's recent successes or identify barriers to future expectations. While there is no perfect approach for keeping coaching conversations focused, it is important for managers to be intentional about what and how much they are trying to achieve during each conversation — from addressing performance progress to better understanding employee needs to discussing a learning opportunity.

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19   Chen, Zhang, Zhang & Xu, 2016; Schippers, West & Dawson, 2015
20   Konradt, Otte, Schippers & Steenfatt, 2016

The situational context in which performance occurs should also frame the focus of performance discussions. For instance, employees conducting more complex, ambiguous tasks tend to respond better when given less specific goals for attaining key outcomes and the autonomy to approach the work as they see fit.[21] Often, goals that focus on learning, general behaviors or simply asking employees to "do their best" are more effective for complex tasks. Overly prescriptive coaching can actually be a hindrance when a task is complex and can be effectively accomplished using multiple methods. In such cases, employees tend to perform better when they take an approach they feel more comfortable with (i.e., high self-efficacy exists),[22] especially if their approach is a better match for their skill set and natural talents.[23]

By contrast, employees responsible for less complex, more routine tasks tend to perform better when given prescriptive instructions for how to approach a task and corresponding goals that are very specific and short-term.[24] Often, employees are responsible for a mixture of tasks with varying complexity and difficulty. Therefore, it's important for managers to readily adjust the focus of coaching conversations depending on the nature of the work being done and employees' preparedness to do that work.

Focus is a critical aspect of ongoing coaching because when managers talk to employees, they listen and respond. Therefore, any discussion of performance topics that divert attention from key performance expectations and priorities can easily pull an employee in another direction and create competing priorities. Tying coaching back to primary expectations or explaining that certain conversations are meant to be thought-provoking — without affecting current priorities — can help managers ensure they're not constantly creating new expectations for employees and stretching them too thin or confusing them.

Naturally, not all conversations should be squarely about immediate performance expectations and priorities. It's important for a manager to help employees understand when a discussion warrants specific follow-up action and when a conversation is just meant to be an open dialogue or developmental opportunity. Further, it's important to consider employee development in relation to performance expectations and coaching. When employees are still developing a skill set needed to excel at certain expectations, coaching should be focused on shorter-term milestones because people tend to learn better and retain more information in smaller chunks and from repetition.[25]

- **Future-oriented.** Traditional performance evaluations and approaches to feedback tend to overly focus on past performance and the specifics of what employees have done wrong and why that behavior isn't acceptable. These conversations can be viewed as critical and condemning, rather than constructive and focused on future opportunities for employees to do their best work. Moreover, employees can't change the past, so focusing on past experiences isn't productive without discussing a clear way forward. A robust examination of performance feedback studies indicates that when feedback focuses too narrowly on

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21 Mone & Shalley, 1995; Winters & Latham, 1996; Brown & Latham, 2002

22 Bandura & Locke, 2003

23 Jeffrey et al., 2012; Corgnet, Gómez-Miñambres & Hernán-González, 2015

24 Mone & Shalley, 1995; Winters & Latham, 1996; Brown & Latham, 2002

25 Brown, 2005; Brown & Warren, 2009

past mistakes and feels especially negative, employees feel demotivated and often perform worse.[26]

By contrast, the best coaching conversations are future-oriented and create a positive, encouraging dialogue about how employees can do their best work going forward. Future-oriented conversations focus on learning and proactively planning how to achieve future expectations. These ongoing coaching conversations should integrate feedback from recent performance with a futuristic view of opportunities to practice what was learned and excel. This "glance back so we can excel moving forward" mentality is important because it allows for both constructive criticism and encouragement. When employees trust their manager and can see a vision for success, they tend to be more receptive to criticisms, compliments and advice.

"Coaching is future-oriented if it gives employees a vision for what success can look like and ideas for getting there."

Different types of coaching conversations can be future-oriented in their own unique manner. Sometimes coaching conversations provide employees with reactive feedback in the form of constructive insights that can help them perform better when a similar situation arises in the future. In other cases, managers are trying to formulate an understanding of employees' work experiences and needs so they can remove barriers and help them improve. And sometimes coaching proactively addresses issues that an employee is likely to face in the future, along with recommendations for how those situations may be handled. In all cases, coaching is future-oriented if it gives employees a vision for what success can look like and ideas for getting there.

Future-oriented coaching is an essential part of performance development because it keeps ongoing performance conversations focused on how employees can grow in their role and long-term career. Beyond daily conversations about short-term performance expectations, when a manager spends time discussing an employee's aspirations, developmental needs, long-term goals and strategies for achieving them, the dialogue becomes future-oriented, tying coaching conversations to an employee's path to success at the company. In fact, Gallup research indicates that "frustrations with career progress" is the top reason employees give for leaving their employer, and managers have an opportunity to address this issue every day with future-oriented conversations about each employee's performance development.

Create Accountability

Accountability is critical to achieving high performance.[27] Without accountability, establishing expectations and continually coaching are just talk. As such, effective performance development requires managers and employees to take the time to review progress toward expectations, discuss lessons learned and plan for the future.

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26   Kluger & DeNisi, 1996; Smither et al., 2005; Kluger & Nir, 2010; Budworth, Latham & Manroop, 2015
27   Klein et al., 1999; Patterson et al., 2010; Harkin et al., 2016

Organizations have traditionally used the annual review as their key mechanism for creating accountability. However, in many organizations, employees also undergo an annual review for the primary purpose of helping managers make pay and promotion decisions. Managers compare employees by ranking or rating them and then use that information to determine who gets more money or the next advancement opportunity. Often, managers actually already know whom they want to pay more or promote and work backward by ensuring performance evaluations justify the pay or promotion decision.

When the focus of a performance review is on evaluation for purposes of pay or promotion, employees' attention is on their pay and their manager's ability to adequately rank or rate them rather than on understanding what they did well, which areas have opportunities for improvement, or how they can develop within their role or company. Employees often leave these discussions feeling judged or condemned for their shortcomings instead of supported and energized about their professional future.

A demotivating performance evaluation is particularly serious because multiple meta-analyses indicate that an employee's reaction to ratings and feedback is even more important than the specific content of the feedback.[28] Negative reactions to evaluation and feedback tend to be associated with lower resulting self-esteem, lower receptiveness to feedback and lower performance. By contrast, when employees receive feedback in a manner that is positive and achievement-oriented, they tend to be more receptive and perform better in the future.

Another challenge inherent to traditional performance evaluations is the perceived fairness and accuracy of metrics and the process. Perceived fairness and accuracy reflects the extent to which the performance evaluation is consistent, accurate, unbiased, and open to the employee's voice and input.[29] When employees perceive performance evaluations to be fair and accurate, they tend to demonstrate performance improvements in the future.[30]

Gallup research further illustrates that managers commonly overemphasize progress toward metrics that may not adequately reflect employee efforts and achievements. Only 21% of employees strongly agree they have performance metrics that are within their control, which makes sense considering that few employees say their manager involves them in setting their work goals. Employees want to be fairly measured and evaluated and have a say in their future. When they have these experiences, they are twice as likely as other employees to be engaged. Unfortunately, the majority of workers tend to sense an unfairness or injustice in how their performance is managed and evaluated. They are held accountable for work that they don't always have the tools or support to accomplish successfully, and they often are not even invited to a conversation about how work could be done more effectively.

Moreover, traditional performance evaluations tend to miss the mark when it comes to helping employees define a path for development. Approximately one-third of employees strongly agree that they have someone at work who encourages their development. And almost half as many employees — 18% — strongly agree that employees who perform better grow faster at their organization. While one key aspect of development is setting challenging expectations and pushing oneself to achieve higher levels of performance, another key aspect of development is

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28   Kluger & DeNisi, 1996; Smither et al., 2005

29   Colquitt et al., 2001

30   Jawahar, 2010; Budworth et al., 2015

pursuing learning and career goals. Effective progress reviews should help highlight learning needs, opportunities for growth, potential partnerships and career aspirations.

Although there are challenges to creating accountability, employees still must be held accountable to key performance expectations, and performance reviews still have a place in making that happen. Despite the bad reputation annual reviews receive, they are still quite common and can provide value to employees if done well. Currently, 74% of employees say they have had a performance review within the past 12 months, and those who have had a review are 40% more likely than those who have not to be engaged. Further, several meta-analyses have demonstrated that monitoring performance progress is critical to consistently achieving expectations and improving performance.[31] Monitoring progress and holding employees accountable for expectations tend to have even stronger effects on performance when results are formally recorded and shared.[32]

In the shift from performance management to performance development, effectively establishing expectations and continually coaching employees will only produce the desired performance outcomes if people are held accountable. Still, the formal performance evaluation process for creating accountability can and should be better for employees. Astonishingly, less than one-half of employees surveyed by Gallup (40%) strongly agree that their manager holds them accountable for their performance goals. As such, Gallup recommends that, in addition to creating an ongoing dialogue about performance, managers should complete at least two formal progress reviews per year — rather than one annual review — to ensure formal accountability conversations happen more often and closer to when performance occurs.

Progress reviews within the performance development cycle aren't just about communicating metrics and correcting problems; rather, they're about having engaging developmental conversations grounded in a well-rounded view of the performance expectations that matter most.

Employees who strongly agree that their manager holds them accountable for their performance are **2.5 times** more likely to be engaged.

When conducted properly, progress reviews should feel like a fresh start for employees because they create opportunities for managers and employees to prioritize tasks collaboratively, change goals as needed, and ensure employees have what they need to be engaged in their work and improve their performance. And because performance is discussed during continual coaching conversations, nothing in these meetings should surprise employees. Progress reviews simply provide a

19%

of employees strongly agree that their manager recently reviewed their greatest successes, and those who do strongly agree are 3.8 times more likely to be engaged.

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31   Klein et al., 1999; Patterson et al., 2010; Harkin et al., 2016
32   Neubert, 1998

formal and documented snapshot of where employees are in their journey toward performance excellence.

To help managers transform dreaded annual performance evaluations into constructive progress reviews, Gallup has identified three key attributes that make progress reviews more effective. Progress reviews should be **achievement-oriented**, **fair and accurate**, and **developmental**.

- **Achievement-oriented.** Effective progress reviews begin with celebrating success and developing an understanding of how the employee achieved success. Celebrating achievements creates both pride and self-reflection — two excellent tools for facilitating learning and performance improvement. Outstanding achievements tend to coincide with doing work that is challenging and intrinsically motivating.[33] Beginning a conversation by reviewing a person's greatest achievements creates opportunities to discuss employees' interests and motivations; how the employee leveraged personal strengths and partnerships to achieve outstanding results; and how to better utilize motivators, strengths and partnerships in the future.

  Progress reviews should include ample recognition of both large and small contributions. By celebrating an array of achievements, managers and employees can create a dialogue about how to experience these "winning moments" more often by enabling people to do what they do best more frequently. In contrast, when a performance evaluation primarily focuses on what a person did wrong, the review feels punitive rather than constructive and often demotivates the employee.[34]

  Focusing on what *was* and *can be* achieved is particularly important because a deep personal interest in performance goals, as well as self-confidence in achieving challenging goals, substantially affects performance.[35] Employees are more likely to own their performance when managers get them excited about what they *can* achieve. This also encourages learning, which affects performance, because one's ability to achieve specific expectations[36] and willingness to learn new skills are both predictive of performance.[37]

  By no means should failure and difficult feedback be ignored. Rather, once a manager acknowledges successes, the conversation should turn to how the employee can perform at full potential more often. Managers should certainly provide difficult feedback and explain opportunities for improvement. However, managers should address performance improvement needs by helping employees understand "what exceptional performance looks like" and "what can be done to improve" rather than focusing too much on "what was done wrong."

  Focusing on a vision for success makes it easier for employees to understand their opportunities for improvement, identify barriers to performance and discuss how to overcome those challenges, and shift the conversation from determining how to fulfill minimum standards to identifying how to pursue the employee's personal best.

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33   Locke & Latham, 2002; Rahyuda et al., 2014

34   Lam, Yik & Schaubroeck, 2002; Budworth et al., 2015

35   Koestner et al., 2002; Bandura & Locke, 2003; Brown, Lent, Telander & Tramayne, 2011

36   Jeffrey et al., 2012

37   Van Yperen, Blaga & Postmes, 2014

Focusing on what needs to be achieved rather than what has been done wrong also creates alignment. Employees often struggle to connect their daily work to their job description, team responsibilities, organizational goals or customer needs. It is important for managers to help employees connect personal performance achievements to the effect that those achievements have on team and organizational success so employees can recognize their purpose and impact on the organization.

- **Fair and accurate.** Employees must trust the information used to describe their performance before they can view progress reviews as an effective performance improvement tool. Performance evaluations presented at annual reviews tend to feel inaccurate and unfair because they only occur once per year, are easily influenced by manager bias and tend to include insufficient metrics that often are linked to pay incentives. As such, managers and leaders must make fundamental changes to how they collect and use performance data.

Improving the fairness and accuracy of progress reviews begins with measuring and discussing metrics more often. Gallup recommends that progress reviews occur at least every six months. This frequency enables managers to focus on more recent performance and accomplishments, introduces necessary performance corrections before problems become unmanageable, and provides a reasonable time frame for managers to change employees' goals when their work responsibilities change. Employees in roles with tasks or expectations that change often may benefit from even more frequent progress reviews.

2 in 10 employees strongly agree that their performance metrics are within their span of control, and even fewer employees — **14%** — strongly agree that the performance reviews they receive inspire them to improve.

Measuring performance is complex. A single metric rarely reflects all of the nuances of an employee's responsibilities and contributions. And, as previously discussed, managers' subjective judgments are less reliable than most other sources of information for measuring performance. Furthermore, even commonly used objective performance metrics, such as sales, productivity and efficiency data, have flaws. They are often poorly tracked and outside employees' control and capture only a narrow view of performance (see Appendix D).

Making performance reviews more accurate and fair to team members ultimately means measuring and discussing performance in a manner that better captures a well-rounded view of the work they do and the value they bring to their job every day. Managers must define performance and capture progress using different types of metrics that emphasize the most important elements of a person's job. When well-calibrated metrics are used to capture an employee's unique contributions, managers and employees can have a more effective dialogue about personal development.

Gallup studied 559 roles and 360 behavioral job demands to identify the job responsibilities that universally matter most across all types of individual contributor roles (see Appendix E). Qualitative and quantitative analysis of these job demands reveals three performance domains that comprehensively describe and statistically predict overall success in a role:

- individual achievement = *My Work*

- team collaboration = *My Team*

- customer value = *My Customer*

"Individual achievement" refers to responsibilities that employees must achieve independently, while "team collaboration" refers to how effectively an individual partners with other team members to achieve success. "Customer value" is the impact a person's work has on a customer. In this context, Gallup considers customers to be either internal or external to the organization. The fact is, everyone has customers of some kind, and to be "customer-centric" requires performance expectations that align with customers' needs.

By organizing performance expectations using these domains, organizations can ensure performance achievement and developmental efforts are always focused on a well-rounded description of the key aspects of the job that matter most.

Effective feedback during progress reviews hinges on defining success within each performance domain, explaining how a team member is performing relative to each benchmark and describing what needs to be done to get to the next level. Naturally, the context and metrics surrounding these domains vary by role and organization. As such, the performance data used to evaluate progress are foundational to making a progress review feel fair and accurate. The data must appropriately align with and describe performance in each domain for the review to feel credible.

"Data must appropriately align with and describe performance in each domain for the review to feel credible."

Gallup recommends grounding performance measurement with these three types of data:

1. **quantitative metrics** that are within employees' control and reflect key outcomes such as productivity, profitability, accuracy or efficiency

2. **subjective observations** that qualitatively reflect performance in terms of role expectations and allow a manager to provide feedback that helps contextualize performance

3. **individualized goals** that take into account each team member's expertise, experience and unique job responsibilities, alongside the general responsibilities of the job

To holistically represent performance, managers should use both their subjective judgment and the quantitative objectivity of performance metrics to define performance. When managers take multiple sources of measurement into consideration, measurement

becomes much more reliable and accurate. That is, if a person receives favorable subjective ratings from a manager and demonstrates exceptional performance on key metrics, it is highly likely that the person is performing well. However, when subjective ratings and performance metrics don't align, the data suggest there is a need for discussion about the misalignment.

"When managers take multiple sources of measurement into consideration, measurement becomes much more reliable and accurate."

PAY AND PROMOTION DECISIONS BASED ON OBJECTIVE AND SUBJECTIVE DATA

WHICH OF THE FOLLOWING BEST DESCRIBES HOW DECISIONS ABOUT EMPLOYEES' PAY AND PROMOTIONS ARE MADE WHERE YOU WORK?

Objective performance data	**18%**
Subjective personal judgments	**23%**
A mixture of objective performance data and subjective personal judgments	**59%**

Subjective ratings and performance metrics typically measure performance expectations that are consistent across the employees in a role. To help motivate the best performance, managers must individualize expectations and development outside these measures. Individualized goals take into account the unique capabilities, responsibilities, expertise, experience and aspirations of each team member. They typically include personalized opportunities such as unique projects, professional development or extra role responsibilities (see Appendix F).

Finally, collecting performance information from multiple sources — such as managers, peers and customers — is important. Too much information from a single source, whether it's subjective ratings from a single manager or a popular productivity metric, makes performance evaluations susceptible to systematic bias and errors. Robust progress reviews should describe performance in a well-rounded manner.

- **Developmental.** For progress reviews to serve their ultimate purpose of helping employees sustainably grow and improve, the conversation must include progress toward developmental goals. Managers must be responsible for helping employees identify and meet their developmental and performance goals because both influence employees' engagement, as well as their personal and professional success.

  The opportunity to learn and grow in a career is the number one feature millennials look for when applying for a job. Further, when developing employees becomes part of a manager's focus, performance is accelerated. For instance:

- On average, 3 in 10 employees strongly agree there is someone at work who encourages their development. When this figure increases to 6 in 10 employees, profitability increases by 11%, employee retention by 28% and customer satisfaction by 6%.

- 4 in 10 employees strongly agree they have had opportunities at work to learn and grow. When this number jumps to 8 in 10 employees, productivity increases by 16%, employee retention increases by 44% and safety incidents fall by 41%.

Thus, if managers want to inspire better performance, they must take employees' developmental needs as seriously as their performance objectives.

Development comes in many forms, and developmental needs vary from person to person. One-size-fits-all developmental tools, such as motivational speakers or companywide webinars, often do not align with what employees want most for their career path. Instead, workers want personalized development, such as opportunities to try new assignments, learn new skills or practice honing their craft.

When progress reviews include a developmental focus, they provide a perfect opportunity to explore how employees feel about their current developmental path and to determine new opportunities that will help them learn and grow. Managers can support employees by looking for the right opportunities to meet developmental needs, including mentorships, training and stretch assignments.

20%

of employees report that someone took a significant interest in their development in the past week.
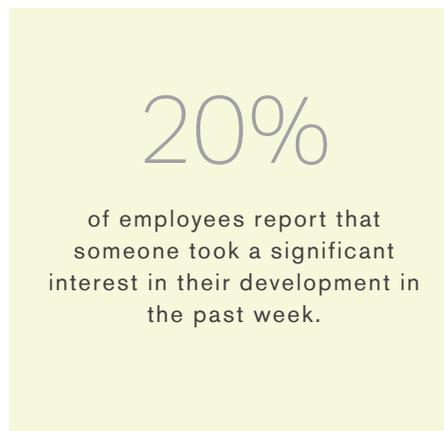
A progress review should not only include a discussion of employees' developmental needs, but also translate aspirations into individualized goals that are just as important as role performance expectations. Developmental goals include different types of goals, such as skills training, professional development and career path goals. Among the most difficult but most important of these are career path goals. Employees want to know that there is a bright future for them in their organization, and they want to know what it will take to achieve their career goals.

Employees have expectations for their employers — many of which come from promises that employers made at the time employees were recruited and others that were established throughout the rest of their career. When employers break promises and don't meet expectations, disengagement can quickly take hold, and risk of turnover substantially increases. Conversely, maintaining a continual dialogue about development consistently leads to stronger employee engagement and better performance.

By gaining a better understanding of where employees want to go in their career and in their life, managers become well-prepared to determine new expectations and priorities that will help employees reach their goals. And most importantly, managers must create accountability for developmental goals, just as they enforce accountability for performance goals.

Creating accountability by periodically reviewing performance progress is a critical aspect of performance management. Most employees want to be held accountable for performance because they take pride in their work. The difference between an effective progress review and an ineffective review is how the review is conducted. As such, celebrating achievements and receiving developmental feedback in a manner that feels fair and accurate can make progress reviews constructive and engaging rather than uncomfortable and dreaded.

By contrast, traditional approaches to performance management are inherently flawed because they focus shortsightedly on evaluating employees annually so pay and promotion decisions can be made. Thus, the issue of pay being closely tied to performance metrics can't be ignored when designing the progress review process. Employees have lost confidence — if they ever had it — in traditional performance management largely because insufficient metrics and biased ratings have adversely affected their compensation and promotion opportunities. And when performance evaluation feels inaccurate and unfair, so does compensation.

> "Employees have lost confidence — if they ever had it — in traditional performance management largely because insufficient metrics and biased ratings have adversely affected their compensation and promotion opportunities."

There is no doubt that incentives can motivate behavior. However, once a company ties pay to a performance metric, employees focus on ways they can maximize the metric to better their compensation, often at the expense of other vital outcomes such as providing outstanding customer service or supporting their coworkers.

Similarly, when managers discuss pay and promotions during a progress review, employees struggle to focus on constructive feedback because everything said during the conversation becomes linked in their mind to how they will be paid.

To avoid these problems, managers should separate discussions about pay and promotions from progress reviews so the focus of the progress review is performance accountability and the employee's development. Although conversations about pay should be held separately from developmental discussions, that does not mean performance shouldn't inform the pay conversation. Rather, a separate conversation about pay should include an overview of the organization's compensation philosophies, policies and pay structures, as well as how performance is related to pay and future opportunities.

21%

of employees strongly agree that their pay and incentives motivate them.

Performance Development Is Strengths-Based and Engagement-Focused

Effective coaching is about more than just having frequent conversations with employees and discussing work tasks — it is about authentically connecting with employees through effective people skills and an individualized understanding of each employee.

The three core components of the performance development cycle are the foundation of effective coaching:

- establish expectations

- continually coach

- create accountability

However, it's when these core coaching components are delivered in a manner that is "strengths-based" and "engagement-focused" that performance development is fully activated.
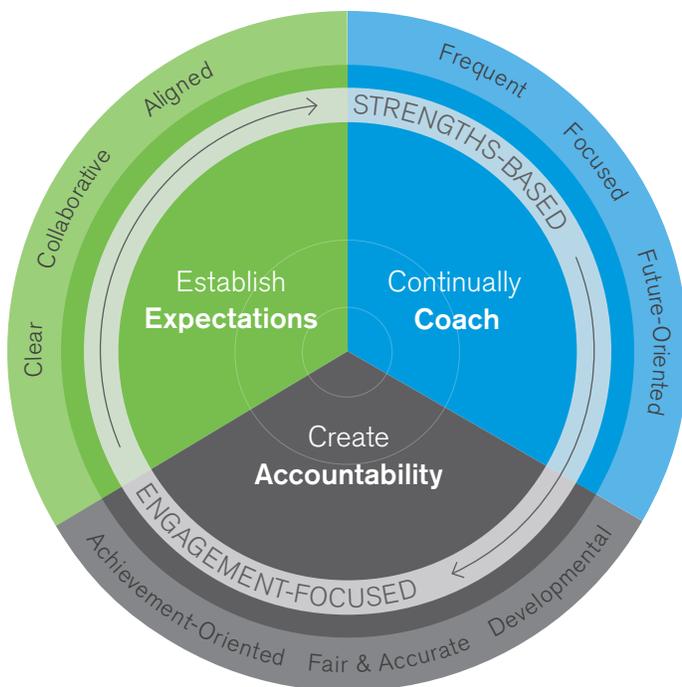
When coaching becomes strengths-based and engagement-focused, managers move beyond the role of "task manager" and into the role of "performance coach." Strengths-based coaching teaches managers to understand how employees are innately wired to think and what they naturally do best on the job. Engagement-focused coaching teaches managers to understand employees' performance needs and barriers to success. Only through an appreciation of both who employees are as people and what they need to be engaged can a manager effectively coach them to be their best.

Strengths-Based Coaching

Traditional approaches to performance feedback have been notoriously characterized as a time to discuss everything an employee has done wrong and define what needs to be fixed. A qualitative study by Bouskila-Yam & Kluger (2011) illustrates some descriptions employees have given of performance feedback, such as "Feedback equals criticism," "It was devastating" and "The feedback meeting is a conflict meeting." Moreover, performance management research consistently demonstrates that overly focusing on mistakes and personal shortcomings to the point that feedback feels primarily negative tends to cause performance feedback to feel unfair, create defensiveness and inhibit performance improvement.[38] For instance, a longitudinal study by Lam et al. (2002) found that employees who received a primarily negative performance review reported lower job satisfaction and organizational commitment that persisted for six months after the review.

In contrast, performance evaluations, feedback and developmental coaching that focus on positive aspects of performance, such as strengths and accomplishments, tend to improve performance more effectively than traditional approaches focused on fixing weaknesses.[39] Focusing on strengths-based development has yielded particularly powerful results in terms of improved self-efficacy, engagement, learning and performance.[40] To further demonstrate the profound impact that strengths-based development has on performance, a 2016 Gallup meta-analysis spanning more than 2.1 million employees and 20,000 business units demonstrates that teaching employees to leverage their strengths using CliftonStrengths tools and coaching results in a substantial improvement in individual performance outcomes and business impact:

- 8% to 18% increase in performance, including productivity, sales data and performance ratings

- 2% to 10% higher customer metrics

- 20% to 73% lower attrition

- 7% to 23% higher employee engagement

- 4% to 10% increased citizenship, defined as employee involvement in company-sponsored activities

These findings include a conservative range of improvements to demonstrate that the impact of strengths on performance is relative to how effectively strengths-based coaching is applied. When employees are merely made aware of their strengths, performance improvement tends to be more modest, whereas when employees and managers alike actively engage in continual conversations about strengths and how to further develop them, improvement soars.

A multitude of research evidence and business impact results support the importance of strengths-based performance coaching. Yet, only 31% of employees strongly agree that their manager focuses on their strengths or positive characteristics.

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38 Ilgen, Fisher & Taylor, 1979; Taylor, Fisher & Ilgen, 1984; Kluger & DeNisi, 1996; Lam et al., 2002; Roberts et al., 2005; Brown et al., 2011; Linna et al., 2012; Budworth et al., 2015

39 Burke, Weitzel & Weir, 1978; Seligman & Csikszentmihalyi, 2000; Clifton & Harter, 2003; Hodges & Clifton, 2004; Seligman, Steen, Park & Peterson, 2005; Jawahar, 2010; Aguinis, Gottfredson & Joo, 2012; Budworth et al., 2015

40 Harter, 1998; Black, 2001; Rath, 2002; Clifton & Harter, 2003; Hodges & Clifton, 2004

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Accelerate Performance Development by Focusing on Strengths

Managers learn to truly individualize coaching by studying what makes each employee unique. Strong coaches understand that everyone has a natural capacity for exceptional performance in a role — their talent — which they can develop into strengths with the right coaching, skills and experiences.

Talent x Investment = Strength

Gallup's approach to performance development emphasizes that coaching conversations should be strengths-based, because without an understanding of and appreciation for strengths, managers are just going through the motions of setting goals and checking progress without really knowing how to unlock an employee's full potential.

Rather than focusing solely on transactional management tasks, strengths-based coaching helps employees develop more self-awareness for how they can best approach their work. For instance, learning about personal strengths teaches employees how they tend to think and behave, what motivates them, what naturally comes easy to them, and what they naturally do best. Through the identification of strengths and improved self-awareness, managers can help employees think about how they can apply their strengths to achieve key performance expectations.

Only **1 in 3** employees strongly agree that they have the opportunity to do what they do best every day.

Strengths-based coaching does not give employees a pass to avoid performance expectations that are outside their top strengths, nor does it aim to change who people naturally are. Instead, the goal of strengths-based coaching is to help employees spend more time doing the work they naturally do best so they can meet expectations more efficiently and effectively. Sometimes that means positioning employees differently or adjusting work tasks and goals to better fit their talents. Other times, strengths-based coaching involves the identification of "non-strengths" that employees tend to struggle with and helping them either develop a strategy for overcoming certain challenges or find a partner who has complementary strengths for getting the job done.

16%
of employees report that someone took an interest in developing their strengths in the past week.

Facilitating good partnerships is an important aspect of strengths-based coaching. One of the most salient applications of strengths-based coaching, beyond helping individuals learn their strengths, is to help teammates understand and leverage each other's strengths. That is,

creating a common language and dialogue around employees' strengths helps teammates uncover each other's needs, behavioral tendencies, thought processes, and feelings that are difficult to identify and discuss but essential to collaborating effectively. By coaching toward employees' strengths and teaching teammates to embrace each other's strengths, managers can more effectively unlock a team's potential.

Overall, strengths-based coaching focuses performance improvement on what performance excellence can look like in the future if an employee plans, practices and performs accordingly. And when negative feedback must be given, managers learn to attribute it to developmental opportunities involving an employee's knowledge and skills — which are more malleable than their innate talent.[41]

Strengths-based coaching is a powerful aspect of performance development because it has direct benefits to individual employees, the manager and the team. However, it's always important to remember that strengths-based coaching is most effective when it's pointed directly at improving performance.

Engagement-Focused Coaching

Performance does not occur in a vacuum. Rather, it is substantially affected by situational circumstances and human nature — what people need to be successful and how they uniquely experience performance. No matter how well managers define performance expectations, employees still need unwavering support from their manager and teammates to consistently perform at their best. Employees' performance development needs change as their job demands, environment, teammates, manager and aspirations change. Thus, managers need a systematic way to identify these changing needs and discuss how they can remove barriers to an employee's success.

Gallup's approach for engaging employees provides exactly that lens for understanding the employee needs that most substantially affect performance. While Gallup conceptually defines employee engagement as one's involvement in and enthusiasm for work, Gallup does not measure engagement by simply asking people direct questions about their happiness or how energetic they feel at work. Instead, Gallup has identified 12 essential elements of employee needs that best predict a wide array of key performance outcomes across various types of jobs, industries and countries. This employee engagement metric, the Q^{12}, has been proven to be an extremely effective framework for managing employees' performance needs.

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41   Aguinis et al., 2012

Gallup has conducted nine meta-analytic studies of employee engagement. The most recent includes an analysis of over 82,000 business units and indicates that teams scoring in the top quartile of engagement tend to outperform teams scoring in the bottom quartile by:

- 21% higher profitability

- 20% higher sales

- 17% higher productivity

- 10% higher customer metrics

- 24% lower turnover in high-turnover organizations

- 59% lower turnover in low-turnover organizations

- 40% fewer defects

- 41% less absenteeism

- 58% fewer patient safety incidents

- 70% fewer employee safety incidents

Thus, effective performance development requires coaching to be not only strengths-based, but also engagement-focused. When coaching is engagement-focused, the manager ensures performance expectations can be achieved and employees give their best effort because they feel that their performance needs — as described relative to the 12 elements of engagement — are supported.

Accelerate Performance Development by Focusing on Engagement

Engaging employees takes work and commitment. Gallup's employee engagement approach organizes the 12 elements into four types, or levels, of performance development needs:

1. Basic Needs

2. Individual Needs

3. Teamwork Needs

4. Growth Needs

Employees must be equipped to perform and then positioned for individual and team success. The first, second and third levels create an environment of trust and support that enables managers and employees to get the most out of the fourth level. Though managers may not follow this order specifically when addressing performance development needs, it provides a simplified summary for understanding how to best support employees and remove barriers to success.

THE 12 ELEMENTS OF AN ENGAGED WORKPLACE

BASIC NEEDS   **INDIVIDUAL NEEDS**   **TEAMWORK NEEDS**   **GROWTH NEEDS**

Q01: I know what is expected of me at work.

Q02: I have the materials and equipment I need to do my work right.

Q03: At work, I have the opportunity to do what I do best every day.

Q04: In the last seven days, I have received recognition or praise for doing good work.

Q05: My supervisor, or someone at work, seems to care about me as a person.

Q06: There is someone at work who encourages my development.

Q07: At work, my opinions seem to count.

Q08: The mission or purpose of my company makes me feel my job is important.

Q09: My associates or fellow employees are committed to doing quality work.

Q10: I have a best friend at work.

Q11: In the last six months, someone at work has talked to me about my progress.

Q12: This last year, I have had opportunities at work to learn and grow.

Many managers struggle with engaging employees when they focus solely on the overall concept of engagement. As they consider how to have engagement-focused coaching conversations, managers should look specifically at the elements of engagement that are the most relevant to performance goals and expectations. Simply understanding what an employee is struggling with and which needs are inherent to meeting specific performance expectations lays the groundwork for providing targeted support.

We know that engagement-focused coaching is inherently challenging for most managers, because only 15% of the global workforce is engaged. However, once managers learn how to focus their coaching appropriately, engagement begins to rise. For instance, the median engagement level among all of the organizations Gallup works with is 44%, and it is even higher among the most accomplished organizations that are winners of the Gallup Great Workplace Award. In 2016, on average, 70% of these top-performing organizations' employees reported being engaged, and the organizations boasted 14 engaged employees for every one actively disengaged employee — a ratio that is 14 times the global workforce average.

The Intersection of Performance, Strengths and Engagement

While each fundamental aspect of performance development could be conducted in isolation, there is added benefit for managers to integrate the full performance development model into their coaching conversations. For instance, when managers talk to their employees about their strengths, the conversation can evolve seamlessly into a discussion about supporting the individual's performance needs, which impacts engagement and performance.

A 2014 Gallup meta-analysis assessed the influence of talent, engagement and tenure on performance. Results of this study indicate that employees who are a natural talent fit for their job and engaged in their work tend to outperform everyone else by 25% to 33%, depending on tenure. Talented, engaged employees with the most tenure tend to perform toward the top of this performance range, as they have had more practice applying their talents and owning their engagement.

Strengths-based, engagement-focused, performance-oriented coaching is both an art and a science. When managers embrace strengths and fulfill their employees' engagement needs, they see through a new lens for understanding and unlocking exceptional performance. Managers should keep these key coaching principles at the top of their mind each day — because every interaction they have with their team can affect how employees perform and develop.

A Path Forward

Traditional performance management systems are broken in many organizations. They are characterized by insufficient metrics, infrequent performance reviews and ineffective feedback, leaving most employees underutilized and unmotivated. This results in an investment of time and resources that is not delivering the desired impact of improved performance. As pressure mounts to make changes, leaders are faced with the decision of where to start. But before they run away from their current systems, leaders should determine what they are running toward.

If leaders were to prioritize one action, Gallup recommends that they start by equipping their managers to become coaches. Preparing managers to coach goes beyond "telling" managers to coach. Preparation requires leaders to redefine the roles and expectations of managers; to provide the tools, resources and development necessary to meet those expectations; and to create evaluation practices that help managers accurately depict performance, hold employees accountable and coach moving forward.

"Managers' responsibilities — including budgeting, strategic planning and administrative duties — make it difficult to prioritize employee contact. This must change."

Most companies do not require managers to provide frequent, ongoing performance coaching for their direct reports. Instead, managers' responsibilities — including budgeting, strategic

planning and administrative duties — make it difficult to prioritize employee contact. This must change. If leaders want to begin re-engineering their performance management approach, managers must be given the resources and training they need to meet the new requirements for employee development and improved performance.

To this end, managers should learn to conduct the key types of coaching conversations that drive performance and are integrated into a continuous performance development cycle. Gallup's *Coaching Conversations Guide* provides managers with a practical framework for how and when to execute the fundamentals of performance development: establish expectations, continually coach and create accountability (see Appendix G).

COACHING CONVERSATIONS ROAD MAP

FIVE CONVERSATIONS THAT DRIVE PERFORMANCE

Establish Expectations	Continually Coach			Create Accountability
1 Role and Relationship Orientation	2 Quick Connect	3 Check-In	4 Developmental Coaching	5 Progress Review

Cultivating Individualized Development ⟶

In addition to equipping and expecting managers to coach, leaders need to reconsider whom they hire and promote as managers. Gallup research indicates that having a systematic approach to selecting people with the natural talents to manage and having a system for training current managers are equally important. Although people can improve their coaching skills through training, some are innately predisposed to become better at coaching than others.

Companies should hire and promote managers based on people's readiness for that role. Successful candidates should meet clearly defined requirements for innate talent potential, previous success in coaching others, appropriate skills development and other vital experiences. Tomorrow's managers will be responsible for inspiring and engaging a team of outstanding performers; as such, traditional methods for hiring and promoting managers based mainly on experience in an individual contributor role will not ensure coaching potential.

"Traditional methods for hiring and promoting managers based mainly on experience in an individual contributor role will not ensure coaching potential."

Beyond focusing on the manager role, leaders also need a clear understanding of their current performance management processes and the impact of those processes on the company's culture. Because traditional performance management practices focus heavily on the annual performance review where pay and promotions take precedence, cultural norms, misaligned

goals, and traditional measurement and evaluation practices have influenced employee behavior and motivation. With only 18% of employees strongly agreeing that employees who perform better grow faster at their organization, the majority of employees do not believe the quality of their work has any bearing on how they are measured, developed or promoted.

Leaders must tackle this pervasive attitude of demotivation and mistrust by understanding their current performance management practices with the goal of creating a transparent, integrated and equitable system. This understanding can help leaders identify the practices that are impeding performance, measure and incentivize performance, and align their performance management strategy with other organizational strategies, including those they have in place to attract employees and customers.

Changing a **performance management culture** is very difficult if measurement and development systems do not support the overall business strategy of the company, including what it wants to be, how it wants to be known and how work gets done.

Finally, today's performance management approaches need to empower individuals to own their performance. With an increased focus on collaboration and employee ownership, individuals should be expected to be more involved in their goal achievement. While they should not be expected to achieve their goals solely on their own, employees should be able to identify what they do best, to co-create performance and development goals, and to communicate barriers to goal completion. Without frequent, two-way communication between a manager and an employee, changes to the current performance management practices will be nearly impossible to achieve.

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Conclusion

Employees today demand more from their companies. They want meaningful work and managers who care for them as people and provide ongoing communication, clear work expectations, and opportunities to learn and grow. To meet these demands, a company's performance management activities should develop and inspire employees to be at their best as often as possible.

Unfortunately, traditional performance management approaches were not built to fulfill the demands of the modern workforce. Many companies have discovered that their traditional system fails to engage employees because workers see the annual performance review as unfairly subjective, and reviews happen too infrequently to help them improve their performance. So companies are seeking an alternative that will meet employees' demands and motivate them to improve performance.

The good news is that companies do not need to completely eliminate all of their traditional performance management practices — including performance ratings and reviews. They do, however, need to improve the way in which performance discussions are orchestrated and progress reviews are conducted. When correctly implemented, performance measurement provides accountability, fairness in evaluation and guidance for how to improve.

Igniting this change requires leaders to implement an ongoing performance development approach with managers who know their employees' strengths and engagement needs. Managers must then use that information to more effectively establish expectations, continually coach and create accountability to ensure both individuals and organizations are well-positioned to reach their goals.

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Appendix A

Common Types of Manager Bias

Any two managers will often judge the same actions differently. This can cause employees to mistrust the accuracy of the evaluation. Some of the most common biases in performance evaluations include:

- **Personal or idiosyncratic bias.** Managers are more likely to see the good in employees whom they like and who do things the way the manager would do them. Managers weight their performance evaluations toward eccentricities that are in line with their pet peeves.

- **Halo effect.** When employees usually perform well in an area that the manager values, the manager may also rate them favorably on aspects of performance where they fall short. For instance, a worker who is a good communicator may receive high ratings as a team player or on an effectiveness measure even if the employee's actions are not as productive as desired. Similarly, an employee's activity and completion of work can be mistaken for "quality work."

- **Central tendency.** Managers have a natural tendency to give most people an "average" or "satisfactory" rating because they struggle to distinguish performance among workers. It requires more effort to justify why someone is performing substantially better or worse than other employees are.

- **Leniency and strictness biases.** Though most managers tend to rate everyone in the middle, some have a bias toward the extremes. Leniency bias occurs when people receive favorable ratings even though they have notable room for improvement. Strictness bias occurs when a manager believes that "nobody is perfect" and tends to be overly critical of most performers.

  Sometimes managers are consciously aware of leniency or strictness bias but are not motivated to do anything about it. For example, if managers must defend exceptionally high or low ratings to a committee, they may choose to rate a high or low performer closer to average so they do not have to experience the hassle of defending the rating. Managers who are bad at giving feedback may blame a disputed rating on how the company communicated the standard. For instance, a manager might tell a worker, "I would have given you a better rating, but we are only supposed to focus on this specific aspect of performance" or "I'm really happy with your performance, but I'm only allowed to give so many high performance ratings."

- **Spillover effect.** Employees who were good performers in the past are more likely to be rated favorably in the future. Once managers set the bar, they need a compelling reason to move ratings from their previous judgment.

Appendix B

Cognitive Reactions to Evaluation

Cognitive reactions to performance evaluations can impede an employee's receptiveness to feedback. Some common cognitive reactions to evaluation and feedback include:

- **Subjectivity.** Some people are better at handling feedback about how they can improve, while others do not handle criticism well. For instance, employees who receive constructive feedback may doubt their manager's ability to assess performance accurately and equitably or to coach to improve skills and build on success. In addition, some employees do not receive feedback well because underperformers often overestimate their performance, while outstanding performers can be unduly modest. Employees also interpret ratings and metrics differently. Some workers interpret a rating of "4 out of 5" as good or acceptable, while others interpret the same rating as a failure.

- **Fight or flight.** Traditional reviews can cause adverse physiological reactions when a person feels reduced to a number or ranking. The stress can cause an employee's brain to release chemicals that result in a fight-or-flight response to the evaluation. This response is a natural defense mechanism triggered when a person feels threatened, and the body automatically decides whether to respond with a defensive posture or an avoidance of the situation.

- **Growth mindset.** Rather than having a natural mindset toward growth and improvement, some people believe performance potential is fixed. When they receive a negative rating or ranking, they believe that classification is a permanent reflection of who they are. Once a rating triggers psychological and physiological reactions, it is difficult for people to perceive a performance review as a positive learning opportunity.[42] After receiving their rating, these people may stop pushing themselves to improve.

- **Loss aversion.** Traditional annual reviews often are linked to pay and promotion. When employees know their livelihood is affected by manager judgments they do not trust, their reactions to the review process tend to focus on negative aspects of the evaluation and the resulting consequences. Both employees and managers are naturally inclined to focus on negative aspects of performance, shifting the focus of the review from constructive criticism to evaluative discipline. When performance reviews do not focus on employee strengths and fail to position workers to do what they do best, managers and employees lose opportunities for substantial gains in engagement and performance.

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42   Dweck, 2006

Appendix C

Metrics Connected to Pay Incentives

How to align pay and incentives with an employee's performance is a critical decision for companies — and one that influences the way employees perceive performance evaluations. Considerations of tying metrics to pay include:

- **Unintended consequences of rewards.** There is no doubt that incentives motivate specific behaviors. However, incentives can unintentionally deflect attention from other important responsibilities that do not provide incentives, such as team performance or customer service. The bigger the incentive and the fewer metrics it is tied to, the more people will focus on the rewarded behavior and disregard other responsibilities.

- **Misinterpretation of employees' motivators.** Traditional performance management systems have falsely assumed that people must receive incentives — in addition to their base pay — to give their best effort, but many employees find motivation through aspects of their job that are unrelated to incentive pay, such as recognition for doing a good job. In fact, Gallup has found that, on average, engaged employees require a 20% higher salary to leave their job. Managers inspire better performance from their employees if they get to know what motivates each individual on their team.

- **Employees' desires to beat the system.** Incentives motivate good behavior, but they also can encourage bad behavior. In the simplest terms, incentives motivate people to get paid. This means employees are incentivized to hit their goals on paper, which can be achieved by legitimate performance improvements or gaming the system. For example, employees may be tempted to do things that the system counts toward goal attainment but does not help the organization, like inflate billable hours, take credit for others' work or sell things the customer doesn't need. Some managers even receive incentives by beating the system for their employees. For example, a manager once devised a well-intended plan to game a forced ranking system by getting his employees to agree to take turns being ranked as low performers. This way, no single employee was consistently ranked as a low performer more often than the manager's other employees, so he could not justify firing anyone for consistently low performance.

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Appendix D

Guidelines for Fair and Actionable Metrics

The performance development system must be rooted in fairness to work properly. Even the most technically sophisticated and well-intentioned system will fail if people do not perceive it as fair.[43] Employees will question the system if a metric does not accurately measure their performance against that of their peers. Workers are less likely to contribute to the common good — in this case, the organization's outcomes — if they perceive bias. When they see fairness and accountability, there is a perceived equity, which encourages cooperation as a dominant behavioral standard.[44]

If employees do not agree that the metrics used to evaluate their performance are credible and fair, they may discount the value of the performance review process, including the coaching they have received.

For metrics to be credible, they must be:

- **Fair.** Employees must believe each metric is an accurate reflection of their contributions to the company and that it is impartial to all employees regardless of their gender, age, race or other inherent traits. To accept a metric as fair, employees also must believe they have influence over it.

- **Differentiated.** Credible metrics identify high performance and expose poor performance. Leaders and managers need fair metrics that reliably and consistently differentiate high and low performers to reward outstanding performance. If metrics do not differentiate performance levels, they are not useful in tracking short- and long-term performance and celebrating excellence.

- **Altruistic.** A credible metric inspires long-term thinking and behavior that contribute to the company's common good and align with its strategic goals and objectives. It should reward teamwork and keep all employees working toward shared goals.

- **Growth-oriented.** Metrics should accelerate employee development by identifying star players through results that tie directly to the company's growth. Measuring growth and not just sustainment encourages continual improvement.

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43   Cawley, Keeping & Levy, 1998
44   Fehr & Gächter, 2000

Employees should be able to connect performance metrics to concrete actions they can take to improve their performance. The metrics must also be controllable at the individual level. Metrics that are grounded in tangible, actionable outcomes rather than overall impressions[45] help managers reduce bias during evaluation.

"Employees should be able to connect performance metrics to concrete actions they can take to improve their performance."

While more prone to bias, performance ratings can also be improved and serve an important purpose if, like employee or customer engagement instruments, they are constructed scientifically. Increasing the number of "raters" can substantially boost the reliability of performance ratings because each rater has idiosyncratic perceptions. Combining raters reduces these biases. For example, supervisors have a line of sight into some aspects of performance, but not all. Supervisors can easily miss the daily interactions among members of a team, so including peer perceptions substantially increases the reliability and validity of performance ratings. Performance ratings can also define behaviors and contributions that cannot be captured in performance metrics. Two people may produce the same results according to key performance metrics but have different contextual situations, have a different impact on their colleagues, or have different value to internal or external customers. Therefore, getting multiple perspectives on an employee's performance is important.

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45   Bommer, Johnson, Rich, Podsakoff & MacKenzie, 1995

Appendix E

Three Universal Dimensions of Job Performance

Gallup researchers reviewed data from **559 studies of 360 behavioral job demands** over recent decades to produce a comprehensive review of the performance expectations and competencies required of employees across hundreds of different roles. Sources included more than six decades of Gallup studies of top performers. The first wave of analysis resulted in identifying 156 job functional demands across organizations throughout the world. A second source included 204 job demands identified independently by international organizations across hundreds of roles.

Gallup's research question was: **What is the simplest and most comprehensive definition of performance across the hundreds of job types studied?**

An extensive qualitative analysis of the original complex structure of 360 total job demands revealed a second layer of 35 job demands in the first source and 37 job demands in the second source. For a performance rating scale, past research makes it clear that most raters carry a holistic impression of the person they are rating, and it is, therefore, unnecessary to attempt to measure 35 or more responsibilities in a performance rating scale. Upon further examination, Gallup researchers found that the 35 and 37 job demands from the two sources could be parsimoniously summarized into three meta-demands or dimensions of job performance. The three dimensions represent global responsibilities for all roles:

- setting goals and meeting them
- partnering for effectiveness
- translating work into its consequences

To measure achievement of these core job responsibilities, Gallup needed to translate them into outcomes that could be observed and assessed. After testing many variations of items and scales with a sample of over 1,000 managers and 6,000 peers, the three items below provided the most reliable and valid indication of performance based on this question: "Please rate this person's performance in the past six months, based on the following key job responsibilities."

Individual Achievement	
Team Collaboration	Below Average – Average – Above Average – Outstanding – Exceptional
Customer Value	

Notably, customer value can be thought of as either external customer value or internal customer value, depending on the position. The ultimate consequence for any job is to identify the constituency for the work and to connect the work to the value for that constituency.

Further, many different types of scales (e.g., three-point, five-point, frequency, Likert, behavioral) were tested to determine what type of scale most effectively achieved two goals: 1) differentiated performance between employees using all points of the scale in a meaningful manner and 2) facilitated constructive feedback in a manner that focused on achievements and positively identified opportunities for growth. The results of Gallup's analysis revealed that these two primary goals were best achieved using the five-point scale shown above. From a statistical

standpoint, this scale yielded a distribution that created the most differentiation across all points on the scale and most strongly predicted various types of performance outcomes (e.g., productivity, financial, performance rankings, employee engagement metrics). From a user experience standpoint, focus groups revealed that managers preferred this scale because they could effectively identify where team members fell on each point of the scale and could vividly describe what employees needed to advance to a higher level of performance on the scale.

In addition to testing various item wordings and various types of rating scales, Gallup researchers studied performance from the perspectives of both managers and peers. Gallup found that a substantial halo effect occurred for both groups, as adding additional rating items to the core set of three generalizable items did not substantially improve how the set of items predicted overall performance. That is, adding items did not improve measurement of performance because perceptions of how a person was described by the three core items also captured other nuances of the job — the additional items did not help the rater better describe a person's overall performance.

Moreover, peers were tougher raters than managers, emphasizing the importance of using peer ratings in combination with manager ratings to better understand performance. Triangulating a third source of qualitative information, such as customer perceptions of service and impact, would further improve the accuracy and fairness of performance measurement.

Aligning Metrics That Matter Most

A review of these Gallup studies, along with a prior literature review of robust performance measurement principles,[46] resulted in the development of Gallup's Core Performance Indicator (CPI) system, which includes:

- three core performance domains
    - individual achievement = *My Work*
    - team collaboration = *My Team*
    - customer value = *My Customer*
- subjective observations used to evaluate each performance domain
- quantitative metrics used to evaluate each performance domain judgment
- individualized goals that capture the performance expectations that are unique to each employee

Measuring performance using the three domains is important because they force managers and employees to think about the different constituencies they impact. Often, employees and managers tend to narrowly focus on their individual performance expectations at the expense of being a good teammate or serving customers. By talking about all three constituencies, progress reviews more comprehensively cover a well-rounded view of each employee's performance.

In fact, when employees and managers rated the importance of each core performance domain, "customer value" received the highest job importance rating and was most strongly correlated to other performance outcomes, followed by "team collaboration." This is not to say "individual

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46   Bommer, Johnson, Rich, Podsakoff & MacKenzie, 1995

achievement" is a less important aspect of performance — all three domains received high importance ratings and had strong correlations to quantitative metrics. Rather, Gallup's data suggest that teamwork and customer service are critical to teams and organizations, despite often being neglected during performance reviews. Furthermore, having discussions about who is considered to be a teammate or customer can create insightful dialogue about who employees serve, developing stronger partnerships and defining success.

Of critical importance is grounding the three performance domains in subjective observations and quantitative metrics from multiple sources. When subjective observations and quantitative metrics are conceptually aligned, managers evaluating an employee's performance can ground qualitative judgments in the objectivity of quantitatively derived outcomes. To give a subjective evaluation that conflicts with quantitative metrics, a manager needs strong evidence to justify that the judgment is more accurate than objectively derived performance outcomes. In contrast, quantitative measures have their limitations and do not perfectly describe performance, so it is important for managers to be able to describe what performance looks like in action, not just on paper. When subjective observations and quantitative metrics align, there can be a high degree of certainty that performance is being evaluated accurately, and when they do not align, it is important to discuss why.

Finally, setting and pursing individualized goals accounts for expectations that should be uniquely tailored to each employee. Employees in the same role generally have many performance expectations that are the same or similar, and these expectations are benchmarked against quantitative metrics and behavioral expectations required of everyone. Therefore, including individualized goals in an employee's performance plan — such as stretch goals, learning goals or special assignments — allows managers to hold employees accountable for their core job expectations, as well as individualize each employee's unique performance expectations and development.

Conducting Performance Reviews With the CPI System in Mind

Managers should conduct performance reviews using a "funnel" approach, starting with a broad conversation about an employee's role responsibilities. Then they should review key metrics and conclude by setting specific goals individualized to the employee. Managers can help employees connect individual performance to organizational goals by reviewing responsibilities, performance, outcome metrics and goal progress.

Combining objective information from multiple sources with subjective measures helps ground a manager's performance judgments in robust information. When subjective and objective metrics conflict, such as an unfavorable supervisor evaluation despite good sales performance, managers can conduct a gap analysis to determine the appropriate response.

An effective performance review should include a balanced array of metrics. Both managers and employees should agree on the metrics that matter most and where measurement falls short of reflecting an employee's performance. Relying on both objective and subjective metrics helps reduce bias and keeps measurement accurate and fair. Most importantly, if previous coaching conversations were effective, both managers and employees will already have a good understanding of a worker's progress and can spend a majority of the meeting discussing the future and the employee's development.

Appendix F

Guidelines for Individualized Goal Setting

Subjective ratings and performance metrics can effectively direct everyone in the same role toward common performance expectations. While consistency in expectations is important, so is individualizing expectations to fit the natural abilities, expertise and experience of each employee. As such, individualized goal setting can be a particularly powerful tool for motivating employees to own their role and pursue performance beyond generic job expectations.

Moreover, many companies have difficulty identifying quantitative metrics that accurately reflect employees' performance and achievements. Companies may lack the systems needed to measure performance accurately, or some roles may include responsibilities that are complex, nuanced and difficult to assess. This gap puts further strain on managers to track performance, and the consequence is too often an over-reliance on subjective ratings or a single performance metric.

Often, jobs with lots of autonomy and individualized performance expectations can benefit from capturing performance using collaborative goal setting and progress review techniques because performance expectations change often and vary widely in these types of roles. For example, technology jobs in heavily matrixed organizations with few objective metrics particularly benefit from the flexibility of using goals and expectations scales to assess performance. By contrast, performance in jobs with low autonomy and strong objective metrics is less likely to be captured using individualized goals because the jobs require compliance to the same standards for all employees and have little room for individualized variation in how employees perform the job. For example, the performance of a bank teller is more likely to be captured using a well-rounded grouping of objective metrics that are applied consistently across all employees in the same role. This approach is more effective than using individualized goals because compliance, accuracy and customer service may be more standardized.

Collaborative goal setting can be challenging for managers and employees; however, it is a top driver of engagement and performance. Working together to agree on goals and performance standards forces both the employee and the manager to put effort into performance development and make a commitment to one another about what work has to get done. Collaborative goal setting boosts intrinsic motivation for employees because they get to help identify which responsibilities are most meaningful to them. Managers also benefit from a commitment to collaborative goal setting because it forces them to think about how they can help create individualized goals and best support their team members in pursuing their goals. When managers use this collaborative approach, they should be sure to encourage employees to set high standards for defining success and regularly review employees' progress toward meeting their goals.

Great managers periodically assess whether an employee's performance goals are still relevant. It is easy for managers to set goals and forget about them until it is time for a progress review, but regularly reviewing whether an employee's goals are appropriate for his or her position and duties is just as important as reviewing progress toward meeting them.

Appendix G

COACHING CONVERSATIONS ROAD MAP

FIVE CONVERSATIONS THAT DRIVE PERFORMANCE

Establish Expectations	Continually Coach			Create Accountability
1 Role and Relationship Orientation	2 Quick Connect	3 Check-In	4 Developmental Coaching	5 Progress Review

Cultivating Individualized Development ⟶

Gallup's coaching conversations framework provides managers with a practical framework for how and when to execute the fundamentals of effective performance-oriented coaching conversations: establish expectations, continually coach and create accountability. The framework helps managers understand the key types of coaching conversations they should be having, how to approach the conversations and how to plan for them.

Through Gallup's five coaching conversations framework, managers learn the importance of spending disproportionately more time establishing expectations with their team by getting to know them, discussing why performance expectations exist and creating an open dialogue about the work they will be pursuing together. Only with a thorough understanding of current expectations can follow-up coaching conversations about how to achieve those expectations be effective.

Coaching conversations drive performance as coaches develop communication, managerial and people skills. A rapport between the manager and employee is initially formed through a role and relationship orientation conversation. As managers get to know team members as individuals and better understand each person's contributions to the team's success, they can more authentically connect with each person, understand team members' needs and individualize performance conversations. Then managers can more easily make coaching an everyday part of their routine by anticipating how to handle different types of coaching scenarios and planning the logistics of fitting all of the necessary coaching conversations onto their calendar.

Managers must also learn that "continually coach" doesn't mean simply "talk to their team more often." Rather, ongoing coaching conversations include a combination of informal **quick connects**, formal **check-in meetings** about workload and priorities, and **developmental coaching opportunities** that arise as work is being performed. It is critical that both managers and team members understand and appreciate the purpose of these conversations and when to have them.

For instance, a quick connect is the most powerful driver of employee engagement and must occur at least weekly. Without these touchpoints, engagement is likely to suffer. The most engaging coaches in the world have daily quick connects and do so through various communication modes, from hallway conversations to emails to phone calls to instant messages. By contrast, check-in meetings must be scheduled in congruence with the needs of the individual. Some people need frequent guidance, and others feel micromanaged when a manager asks for status updates often. Developmental coaching is a true art and arguably the most difficult type of conversation to master.

Finally, effective coaching must create accountability. As such, managers must schedule time to review performance progress and recalibrate expectations as performance needs change. Formal **progress reviews** should occur at least every six months and reflect the dialogue created during the other key types of coaching conversations that occur daily, weekly and monthly in between progress reviews. Progress reviews are a great coaching tool when they are focused on celebrating success, preparing for future achievements, and planning for development and growth opportunities.

By mastering these five key types of coaching conversations, managers can focus more of their time and efforts on the coaching moments that matter most.

About Gallup

Gallup delivers analytics and advice to help leaders and organizations solve their most pressing problems. Combining more than 80 years of experience with our global reach, Gallup knows more about the attitudes and behaviors of employees, customers, students and citizens than any other organization in the world.

Gallup provides a broad range of science-based services to companies looking to re-engineer their performance management approach. Our experts:

- lead and facilitate leadership conversations, workshops and keynote speeches highlighting our research and insights

- conduct reviews of organizations' current processes, metrics and performance management approaches

- provide analytics, advice and education for adjusting the way performance is measured and evaluated

- offer learning content and courses that prepare leaders and managers to apply new performance development practices

- introduce tools and activities that equip leaders, managers and individuals to meet new performance management needs

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