

## Aligning employee and company objectives

That change started with former CEO Steve Ballmer leaving Microsoft in 2013, and taking the stack ranking style of performance management with him.

Now, instead of a hard, company-wide policy of ranking employees on a 5-1 scale, individual managers have more freedom over how to award bonuses, raises, and promotions.

What's more, Microsoft adopted a "360 review" policy, allowing employees to nominate their colleagues to review them, for a more balanced appraisal of their performance.

And best of all, Microsoft now holds bi-monthly manager check-ins after their official annual performance reviews. These check-ins are formal, structured conversations between managers and direct reports, in which they discuss goal progress, skill development, and more – so employees know if they're moving in the right direction while they still have time to adjust.

And it's not just Microsoft employees that benefit from these performance management reforms either.

Generally speaking, the more regularly managers checked in with their employees and the more positive and strength-based their feedback was, the more engaged those employees became. Critical feedback was less effective, but still dramatically more effective than no feedback at all.

It's a hard lesson that took Microsoft a long time to learn, but when it did, their workforce became more productive, engaged, and profitable in a very short time.

A recent NeuroLeadership Institute report showed that ongoing feedback, peer-based performance reviews, and more flexible promotion and bonus policies transformed the way 27 industry-leading companies did business:

**100%** reported higher-quality manager-employee conversations

**96%** said their performance management tools were easier and simpler to use

**91%** collected more accurate employee performance data

**83%** reported higher employee engagement

**80%** said their employees took the lead on manager-employee check-ins

**“Our new approach will make it easier for managers and leaders to allocate rewards in a manner that reflects the unique contributions of their employees and teams.”**

**- Lisa Brummel, Microsoft**