How Google Manages Goal-Setting and Performance Management

Google is known for hiring people with no human resources experience to work in its People Operations function. This enables the massive technology company to come up with modern ways to manage performance and release groundbreaking work such as Project Oxygen, which studied correlations between manager behaviors and team performance.

Performance management is completely separate from goal management at Google, which frees employees to set high goals without worrying the setting themselves up for a challenge will affect their compensation later. Read more to learn the specifics of performance management at Google.

About Google

Google, now called Alphabet, is a conglomerate with portfolio companies in technology, life sciences, investment capital and research.

Year Founded: 1998

# of Employees: 61k

Revenue: $74.98B

Company Values

Focus On The User

Do 1 Thing Really, Really Well

Fast Is Better Than Slow

Democracy On The Web Works

"A [negative] dynamic exists when managers sit down to give employees their annual review and salary increase. The employees focus on the extrinsic reward – a raise, higher rating – and learning shuts down…. We have an embarrassingly simple solution. Never have the [pay and feedback] conversations at the same time. Annual reviews happen in November, and pay discussions happen a month later."

Laszlo Bock,
SVP

Google's Performance Management

At Google, performance management is built around peer feedback and coaching by managers. A 360 review is completed annually, but if an employee requests the additional feedback, they can have a 360 as frequently as bi-annually. Employees are able to send $100 peer bonuses to fellow employees, and encouraged to email "kudos" to recognize a fellow employee to their manager.

Managers hold calibration sessions, focused on top-performing employees they would like to promote. Calibration helps managers avoid recency bias and score employees on a five-point scale that ranges from "needs improvement" to "superb." Goal-setting, using the OKR methodology, ensures employees stay on track, but is a completely separate process from performance management. Managers and employees agree on goals on a quarterly basis.

Elements Used

- Bi-annual review
- Quarterly goals (OKRs)
- Annual 360 review
- Calibration

Google's Modifications

- Peer reviews have limited text field (512 characters)
- Compensation discussion held a month after feedback discussion
- Employees must build own case for promotions
- Eliminated forced curve in 2014

Results

The annual Googlegeist employee feedback survey has a response rate of more than 88 percent.

"I don't give a promotion based on what you did – how you did it matters, too."

Peter Scocimara, *Senior Director*