

# How IBM Evolved Its Performance Management to Real-Time Feedback

## About IBM

IBM is a global technology and innovation company headquartered in Armonk, NY. IBM offers a wide range of technology and consulting services; a broad portfolio of middleware for collaboration, predictive analytics, software development and systems management; and the world's most advanced servers and supercomputers. Utilizing its business consulting, technology and R&D expertise, IBM helps clients become "smarter" as the planet becomes more digitally interconnected.

## Industry:

Hardware / Services / Software

Year Founded	# of Employees	Revenue
1911	377,757	\$81.741 billion

## Company Values

- Dedication to every client's success
- Innovation that matters, for our company and for the world
- Trust and personal responsibility in all relationships

## IBM's Performance Management Problem

The rise of iterating and experimenting meant an employee's annual objective would result in an "irrelevant discussion" in December, trying to assess if goals set in January had been completed.

### The Old System

- Performance review: Annual 7-page review with mid-year check-in
- Goals: Set annually
- Ratings: Scale of 1 to 4
- Calibration: Yes
- Stack ranking: Yes
- Tie to compensation: Rating is one of four factors in compensation

### Incentive for Change

**"IBM employees were already doing work differently than the system assumed."**

– Diane Gherson, IBM's chief human resource officer

# IBM's New Performance Management



IBM launched Checkpoint in February. It enables employees to shift goals during the year and managers to give more frequent feedback. At minimum, managers must provide feedback on progress once per quarter, and instead of a single assessment score, employees are scored on five dimensions: business results, impact on client success, innovation, personal responsibility to others and skills. A check-in is a structured conversation between managers and direct reports to touch base on goal progress, development or competencies.

Employees also have access to an app made by IBM called ACE, short for "Appreciation, Coaching, Evaluation." The app allows for 360 feedback between managers, direct reports and peers, and also includes surveys. IBM recognizes that a shift from a formal performance appraisal to a more open, continuous approach requires soft skills, and also launched a learning tool to equip employees with best practices on giving and receiving feedback.

## Eliminated

- Rating
- Calibration
- Stack ranking

**"In the new system, there are five scores. It leads to a much richer, more balanced discussion."**

– Diane Gherson

## Adapted

- Performance review: Annual, with five scores
- Scores: Business results, impact on client success, innovation, personal responsibility to others and skills
- Goals: Can change during the year
- Check-ins: Quarterly at minimum

## New

- Real-time feedback: Mobile app called ACE
- 360 reviews: Feedback can be given and requested through ACE
- Surveys

Want a performance management solution like IBM's?  
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