Designing Your Performance Review Cycle

When your company decides to run a performance review cycle, there are several goals to keep in mind. Employees and managers need feedback in order to improve. Managers want to develop their employees to get the most out of their performance and help them grow in their careers.

The conversation also formalizes feedback so managers and employees can ensure they are on the same page. Lastly, the data collected in reviews provides documentation on employee performance to reference throughout their tenure.

Review Frequency

There are many approaches to how frequently companies run performance review cycles. According to a 2014 study by Bersin by Deloitte, organizations that have employees review and update goals monthly are 50 percent more likely to score in the top quartile of business performance.

> *Most businesses find annual reviews are too infrequent enough to keep up with business objectives, while monthly may be too frequent to have a true update.*

A quarterly cadence is a happy medium and effective for most growing companies.

Performance Review vs. 360 Review

Reviews work alongside real-time feedback. Regular one-on-ones with your manager are often focused on specific projects you're working on or shorter-term goals.

Performance reviews are a great opportunity to reflect on your bigger-picture performance and longer-term goals for future career development. They are an excellent forum to obtain specific, direct, and actionable feedback from one's manager.

Some companies choose 360 reviews instead of performance reviews as a standalone process, or incorporate 360s as a precursory step to their performance review process. 360s are a wonderful opportunity to gather feedback from additional team members at the company besides just your manager, as your manager doesn't always have full insight into your work.

In some instances, only running a 360 review is the right fit. This is ideal for companies with flat hierarchies where the role of the manager does not exist or is not responsible for career development. A 360 can be a powerful tool for employees to obtain peer feedback on ways to improve from those in the company they work closest with.

We recommend running performance reviews immediately following a 360 review. Having the additional peer feedback gathered during a 360 is a powerful tool for managers to reference when completing performance reviews. 360 feedback provides a more well-rounded picture for managers into their direct reports' strengths and areas for improvement as well as how they are perceived by others.

To help you decide which approach to take, consider the following questions:

- What is the role of your managers?
- How open are employees to giving feedback to others?
- How important is peer feedback to managers and employees?

Number of Peer Reviewers

We understand that sometimes you truly only work closely with three people or would prefer to obtain feedback from 10 of your co-workers. Either end of the spectrum is fine. Most companies we work with find requesting feedback from five peers you work closest with is the sweet spot for collecting rich feedback.

> *Gathering feedback from five peers allows for a good cross-section of feedback from those you work closely with on your team and across other departments.*

It's recommended that you gather feedback from at least 1-2 people who are not on your immediate team to gather diverse perspectives.

If survey participation tends to be lower than 75 percent (in employee or peer feedback surveys), employees should choose 6-8 peer reviewers for feedback. Since we allow a minimum of three reviewers for an employee to view their peer feedback, choosing six reviewers ensures the ability to view peer feedback.

Keep in mind that Reflektive allows you to set a maximum (to ensure you are not inundated with requests) and allows people to turn down invitations to peer review in the event one doesn't work closely enough with the person to provide useful feedback.

Number of Questions per Review

It is recommended that your performance review template include between 2-5 questions. Any more than five questions will make the process too tedious to complete and be a drain on your team's time and commitment to the process.

360 reviews are typically a more lightweight process as you are doing more of them than a self or manager performance review. We recommend 360s to be between 2-3 questions to provide an opportunity for peers to provide feedback on the work, strengths, and areas of opportunity, but brief enough to allow time to respond to multiple requests.

Time Spent on Reviews per Person

Self

Overall, employees should plan to spend about 30-60 minutes on their self-review. Why? If people don't invest the time to reflect on their performance and identify ways they can continue to grow, they shouldn't expect others to invest the time in them.

People will only get out of this process what they put into it.

Additionally, managers may not see the full scope of what each employee is doing. It is up to each employee to ensure their managers understand all the work they've contributed over the past review period.

As far as length of your responses, we suggest 2-3 sentences per review question. Employees can write a little more or a little less per section, but this is a good anchor for how detailed their responses should be. Some may also prefer bullet point responses, which is fine, and we recommend 2-3 bullet points per section. This ensures employees record something with depth, without making the process burdensome.

Manager

The manager's role in performance reviews is broken into three steps:

1. **Prep**: Spend approximately 30-60 minutes per direct report thinking about their strengths and areas for improvement and preparing for your conversation. Spend time organizing thoughts on each feedback area, the observable behavior and action plan for the future.

2. **In-person review**: The in-person meeting should be between 30-60 minutes, dependent on how frequently you are meeting and how much content you have to cover in your time together. You will want to leave time at the end for discussion and action planning, as well as asking your direct report for feedback on you.

3. **Documentation**: Assuming you've done the majority of this work upfront during your prep, this step shouldn't take long. Reserve time after your in-person meetings to document your conversation within Reflektive. This ensures you and your direct report are on the same page with regards to the feedback discussed and the agreed upon plans for future development. Documentation is also important if there are specific problem areas of underperformance and more formal performance management is needed down the road. By discussing and documenting these issues early prevents them from becoming bigger issues in the future.

Peer Review

Employees should spend between 5-10 minutes per peer review, and include details on behavior observed while working with this person. The feedback should be constructive and direct so that it helps your peer to grow.

If an employee feels they do not have enough experience working with someone to provide helpful feedback, it's better to opt out of giving them feedback, rather than including something vague, anecdotal, or hearsay.

Types of Performance Reviews

If you want your team to take the review process seriously and feel it is a valuable use of their time, the review template questions you select need to match their expectations and your company's stage of growth.

It is important to select a performance review approach that resonates with your company culture, accomplishes the goals you're trying to achieve and allows a forum for team members to receive thoughtful feedback.

> *It is important to select a performance review approach that resonates with your company culture.*

Whether you select a Developmental, Values, Skills, Goal performance review or any other format, it should provide ample opportunity for folks to talk about their contribution to the company and receive feedback on their performance. When you embark on determining the right review for your company, you should ask yourself upfront what goals you're trying to achieve.

Finally, think through the expectations you'll set with employees about the outcome of their review — goals, career development plans, or something else.

Review Scoring Options

We offer an open text or a 5-point scale. Here are a few examples of 5-point scales:

Skill-Based Reviews:

- Outstanding Strength
- Strength
- Competent
- Needs Improvement
- Needs Significant Improvement

Behavior or Values-Based Reviews: (i.e., how often)

- Consistently
- Usually

- Sometimes

- Rarely

- Never

Goals/OKR-Based Reviews: (expectation fulfillment)

- Significantly Exceeds Expectations

- Exceeds Expectations

- Achieves Expectations

- Achieves Some Expectations

- Does Not Meet Expectations

A few important points to keep in mind:

- Regardless of the rating descriptors, each rater will have their own rating bias (many tend to score higher, some tend to score lower)

- Most raters tend to stay in the top three scores. They are less likely to use the bottom two, using them to make specific points.

When analyzing scoring for developmental purposes, it's more important to look at the scoring relative to other scores the individual employee receives, versus what other individual employees have received.

Ensuring Review Success

We encourage you to conduct feedback training for your managers prior to rolling out your first performance reviews. Below are a few best practices for a successful review cycle. We have also created a best practices guide for starting a performance management program, available on our customer support site.

- Get buy-in from your executive team on the value of performance reviews and feedback prior to rollout.

- Review the overall timeline and performance review structure with your managers prior to communicating with the broader organization so they are prepared to answer their team's questions.

- Provide guidance to employees and managers on the approximate time they should devote to performance reviews as well as suggested length of responses.

- Encourage everyone to designate time in their calendars to allot to performance reviews to ensure they have enough time to complete reviews before the deadline.

- If you are unable to do manager training, provide managers with a high level overview for structuring their feedback. This can be done by creating a wiki or intranet site with the information. You may want to offer coaching office hours so managers can stop by with questions or for help with preparing for their conversations.

    o   List out specific areas for improvement

    o   Provide an example of observable behavior for each area

    o   Share the impact their behavior had (in your opinion)

    o   Offer support and suggested ways to improve in the future

Sample Performance Review Approaches

Classic Review

This review approach ties in really well with a two-question 360 so peer feedback can be shared during the strengths and weaknesses section.

This review is a good fit if your employees want a forum to discuss their work and reflect on their strengths and areas for improvement. We find this review template to be a great fit for mid-size companies who are not quite ready for robust development planning, but want to begin the discussion.

Self
- What were my key accomplishments since the last review period? Share a summary and outcome of 2-3 projects you contributed to.

- What are my strengths as an individual contributor? What areas can I improve upon as an individual contributor?

- What areas would I like to improve or develop professionally? What support do I need to help me get there?

360
- What are this person's key strengths?

- What are this person's areas for improvement? Please tie their areas for improvement to a core value.

Goals Review

A goals review is best used for companies who want to focus less on providing feedback on prior performance and more on behaviors for the future. This review template does not work as well for peer reviews, since goals are most often established between an employee and their manager directly.

Peers may feel less comfortable providing feedback on their team members' goals, but could work in an organization hyper-focused on transparency and individual growth.

In Reflektive, customers who use Goals Management are able to import each employee's goals into a review or Check-In. To fill out the review, managers and employees can rate goal progress and add an optional comment.

Values Review

A values review can be a great tool for early-stage companies when team members' roles are not well-defined, but everyone wears many hats. When a company is less than 100 people, you likely work closely with almost everyone at the company and everyone has a clear understanding of what the company values mean.

You, of course, need well-defined values for this review type to work, and it is a great tool if your company isn't in a place where you want to do goal-setting or development plans just yet.

We tend to think companies grow out of a values-based review process as they grow to 100+ employees. At this point in a company's lifecycle, employees are looking for more structured feedback on their work to discuss goals and career development plans for the future.

- What are 3-5 accomplishments since the past review period you're proud of?
- How well did you exhibit [company value 1]?
- How well did you exhibit [company value 2]?
- How well did you exhibit [company value 3]?
- What company value do you want to improve on?

Developmental Review

The developmental review template is a great fit for companies wanting to invest deeply in learning and development programs for their organization.

This can be a great fit for those who have a healthy learning and development budget, and HR and manager resources devoted to investing in the outcomes of this review. But, it should be avoided if you don't have the time or resources to support employees' wants and needs.

Self
- What's one way you've grown over the last review period?
- What resources do you need in order to learn and grow?
- What training, tools, or experience could benefit you in the next review period?
- What is one area you would like to improve or develop?
- I feel most purposeful when I am working on:

- What's one way this person has grown over the last review period?
- Was this person given opportunities to learn and grow in their area of specialty?
- What training, tools, or experience could benefit this person in the next review period?
- What is one area this person can improve or develop?
- This person brings the most value to the team when working on:

Skills or Competencies Review

Companies with well-defined skills or competencies for each job role, department, and seniority level may choose this review template. The discussions resulting from this review ensure employees are developing and learning skills relevant to their job role.

- Please rate your mastery of [competency 1].
- Please rate your mastery of [competency 2].
- Please rate your mastery of [competency 3].
- How will you grow these competencies during the next cycle?

Start, Stop, Continue

This review approach is an excellent choice for hyper-growth companies doing performance reviews on a quarterly (or more frequent) basis, typically with 50-300 employees.

This review style is a great fit for a company whose business objectives are changing frequently and they need their employees to pivot their focus along with it to ensure they're focusing on the right things. This review template ties in well with a similarly-designed 360 so peer feedback can be incorporated within each section by managers.

- What behaviors or actions should this person start doing?
- What behaviors or actions should this person stop doing?
- What behaviors or actions should this person continue doing?

Sample Peer Review Questions

With the exception of reviewing goals, we recommend peers use the same questions that managers answer for their employees. This allows employees to compare and

contrast how they're viewed from their manager's perspective with a peer perspective. Additionally, if you choose to have managers gather peer feedback to provide to employees, it is easier that all parties have answered the same questions.

If you have chosen a goals-based review, we recommend using the questions in the Skills-Based Review section above for your peer review.

Sample People Manager Questions

- What are my strengths as a people manager?

- How have I helped elevate or develop my team since the last review period?

- What areas can I improve upon as a people manager?

Deloitte

Using a 5-point agreement scale. Deloitte asks the following questions either quarterly or following a project, as discussed in Harvard Business Review.

- Given what I know of this person's performance, and if it were my money, I would award this person the highest possible compensation increase and bonus.

- Given what I know of this person's performance, I would always want him or her on my team.

- This person is at risk for low performance.

- This person is ready for promotion today.

Scale:
    5. Strongly Agree
    4. Agree
    3. Neither Agree nor Disagree
    2. Disagree
    1. Strongly Disagree

Facebook

Facebook uses the following questions in bi-annual 360 reviews, according to VP of HR, Janelle Gale.

- What impact did this person have?

- How can this person increase their impact?

Cigna

Cigna asks the following questions during their lightweight check-ins, as discussed at the 2016 NeuroLeadership Summit. They recommended managers have the conversation with reports first, then the employees answer these questions following the in-person check-in.

- What insights are you taking away from the conversation?
- What actions will you take based on these insights?

Gap

Gap discussed the following questions used in their performance reviews at the 2016 NeuroLeadership Summit.

- What did you do well?
- Where did you get stuck?
- What will you do differently in the future?