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Executive Summary

There have been literally hundreds of books written about performance management (PM) since the term took on its modern meaning 60 years ago. Until recently most of these books have focused on various methods that can be used for (theoretically) improved performance. But as anyone who is involved in PM knows, there is still extensive dissatisfaction with PM on the part of both organizations and employees.

In Brandon Hall Group’s 2016 Performance Management study, 72% of organizations found their PM to be “somewhat effective” or “not at all effective.”

![Figure 1: Performance Management Effectiveness](source: 2016 Brandon Hall Group Performance Management Study (n=282)
NOTABLE INSIGHT

Performance management is most effective and impactful on the business when a people-centric model is utilized. Unfortunately, only 20% of respondents indicated their approach to performance management was people-centric, which Brandon Hall Group defines as focusing on:

- Building employees’ strengths (rather than trying to fix weaknesses)
- In-the-moment feedback and ongoing coaching to build skills
- Setting near-term – rather than annual – performance objectives and then revising as needed based on business needs and the employee’s progress.
- Frequent and consistent recognition for small and meaningful contributions, rather than the infrequent (usually annual or twice-a-year) recognition for large or blockbuster achievements predominant in most organizations.
- Flexible and fair rewards, which can include compensation and perks, but also can include non-monetary rewards such as special project or special team work that recognizes their strengths while also helping the organization achieve business goals.

Regardless of who conducts the study, or where and when it’s conducted, employees find PM to be onerous and unfair, and organizations find PM to be onerous and ineffective. Our 2016 Performance Management study re-affirms this widespread dissatisfaction with PM, but also determines that performance management is most effective and impactful on the business when a people-centric model is utilized. Unfortunately, only 20% of respondents indicated their approach to performance management was people-centric, which Brandon Hall Group defines as focusing on:
There are some positive trends in the state of performance management. For example, 49% of organizations are focusing development efforts on employees’ strengths and 80% of organizations have periodic informal performance conversations. But there still is much progress to be made.

Perhaps the most disturbing finding from our research is that – despite media reports describing PM overhauls in iconic organizations – 57% of organizations have made no changes to PM in the last 2 years. Of organizations that have made changes, most have been about the process:

- 58% separated performance discussions from merit pay discussions
NOTABLE INSIGHT

Only 9% of organizations say performance goals are tied to business goals to a high extent; 81% of organizations set performance goals only once a year.

- 42% replaced annual performance discussions with frequent and in-the-moment feedback
- 37% eliminated the performance rating scale
- 25% replaced annual performance goal-setting with near-term goal-setting.

Without question, these are steps in the right direction. But they are overshadowed by these results:

- Only 9% of organizations say performance goals are tied to business goals to a high extent.
- 76% of organizations say they lack leaders who are effective development coaches
- 81% of organizations set performance goals only once a year
- And of course the big one: only 28% of organizations report having “effective” or “very effective” performance management.

The purpose of this report is to share critical changes that Brandon Hall Group believes, based on our research, can put organizations on the path to a much more effective approach to performance management – one that has a positive impact on the business. The 2016 research includes a survey of people involved in performance management in 282 organizations in 22 countries and more than 25 industries, plus follow-up interviews with respondents and case studies from Brandon Hall Group’s Excellence Awards Program. (See Research Methodology, page 32).

Our critical calls for change are based on the latest research results and our High-Performance Framework for Performance Management, which includes a four-phase approach influenced by the organization’s culture, governance, enabling technology and ability to measure results,
as well as other factors such as external influencers and change management.

Figure 3
Brandon Hall Group High-Performance Framework for Performance Management

Source: Brandon Hall Group 2015
Brandon Hall Group’s 6 Critical Calls for Change in Performance Management

1. Make Performance Management People-Centric

While much of the broader discussion about performance management has been about the large companies that have gone ratingless, Brandon Hall Group’s research has repeatedly shown that the real differentiator is development of your employees, not in how you rate them. That said, we at Brandon Hall Group realize that rating
performance and tying it to compensation is built into the cultures of many organizations. It is our strong belief, however, that while ratingless systems might be ideal, people-centric performance management and rating systems are not mutually exclusive. They can work together, but the focus on process can’t overshadow the focus on developing the individual. Unfortunately, that is what is happening now.

Our survey asked respondents which of the following diagrams best described their primary approach to performance management.

73% of respondents chose this diagram:

![Process-Oriented Performance Management](image)

Source: 2016 Brandon Hall Group Performance Management Study (n=264)

Just 20% of respondents chose this diagram:

![People-Centric Performance Management](image)

Source: 2016 Brandon Hall Group Performance Management Study (n=282)

The remaining 7% of respondents said they did not know which model they fit into or that they utilized a different model.
When it comes to focusing more on coaching and developing employees as part of a people-centric process, most organizations add a training class to their yearly PM exercise, or enter top-performers into a mentorship program, while still focusing performance management on process and ratings. When these actions don’t result in more highly-rated PM down the road, these same organizations are left wondering what went wrong.

Only 23% of organizations said a coaching culture exists in their organizations. (Although on a positive note, 45% are in the process defining the benefits or coaching are training leaders in effective development coaching). If those organizations want further proof of the benefit, they need look no further: while satisfaction with PM overall is low – just 28% said it was effective or very effective – the results are considerably better in organizations that have a culture of collaboration or a coaching culture where employee development is part of an organizational philosophy (Figure 6).

**Figure 6**

<table>
<thead>
<tr>
<th>Effective or Very Effective Performance Management Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Figure 6</strong> Effectiveness of performance management is considerably better in organizations that have a culture of collaboration or a coaching culture where employee development is part of an organizational philosophy.</td>
</tr>
</tbody>
</table>

Source: 2016 Brandon Hall Group Performance Management Study (n=282)
A high-performance PM approach starts with defining a strategy that reflects a philosophy as well as a process. This is Phase 1 of our Performance Management Framework (Figure 3).

Here are critical questions that each organization should answer to define the organizational mindset for performance management. These questions are based on interviews with high-performing organizations that indicated their performance management had at least moderate business value:

**Figure 7** Key Questions In Developing Effective Performance Management

- Do we have a formal performance management strategy in place?
- What are the (desired and actual) outcomes of our performance management?
- Are executives and other business leaders engaged in the process?
- Do we clearly communicate our performance management philosophy and expectations to all employees?
- Do we have written performance goal plans for all employees?
- Do we hold leaders accountable for performance?
- Are we focused on development of employees’ strengths (versus evaluation of their weaknesses)?
- Will our managers have continuous and ongoing discussions with employees about their performance (versus one-time annual performance appraisal discussions)?
- Will we separate performance and compensation discussions (versus having both at the same time)?
- Will we require feedback from an employee’s manager and peers and subordinates (versus only top down feedback)?
- Do we expect our managers to identify and reward exemplary performance?

There are several critical points here, but perhaps the most important are whether executives and other business leaders are engaged in the process; whether leaders are held accountable for employee performance; and whether managers have continuous and ongoing
discussions with employees rather than one-time annual appraisals.

Improving performance does not happen in a vacuum. Employees need to understand expectations and work together with their managers to reach those goals. This does not happen through an annual appraisal – or even twice-a-year discussions. Performance evolves over time and needs to be recognized and coached on a regular basis to be effective. This is the biggest challenge for most companies in the evolution of performance management.

2. **Focus Development on Enhancing Strengths, not Fixing Weaknesses**

Performance management in its current iteration was really born in the 1950s with Jack Welch’s operations-based approach to human capital management (HCM). This approach was grounded in the idea that humans, like any other aspect of business, could be approached with an algebraic methodology (overall productivity – lowest performers + incentives = higher productivity). The essential problem with this philosophy is that it emphasizes the process over the person, and hence the modern problem of treating PM as a system to be optimized instead of a framework to develop people.

From Brandon Hall Group’s recent research, it is clear that many companies are interested in developing strengths over fixing weaknesses, but obviously find that their PM process is not conducive to that need (as only 28% of companies rate their PM as effective or better).
Even if your organization is focused on process over people, managers still can – and should – focus on developing employees’ strengths rather than focusing on fixing weaknesses.

This shortcoming can be explained by the fact that modern PM is, for the most part, ill-equipped to focus on developing strengths, as the main focus is on the process itself rather than on the individuals whose strengths should be developed.

It is difficult to shift an entire system. Many of the performance systems are baked into the organization’s culture. But even if your organization is focused on process over people, managers still can – and should – focus on developing employees’ strengths rather than focusing on fixing weaknesses. Why? Consider the following:

- If managers see employees as problems to be solved, they will inevitably focus on weaknesses and attempt to eliminate them. Because we can never eliminate all weaknesses and undesirable characteristics, managers will probably conclude that the performance management process is not very effective.
• However, if managers see employees as assets to be developed, then improving upon strengths is more likely to be the focus of development efforts. Employees are more likely to want to build on an attribute rather than fixate on a shortcoming, so they are more likely to be motivated to improve, and managers are more likely to conclude that the performance management process is a positive one that contributes to better outcomes.

These mindsets reflect the opposite ends of the spectrum in terms of philosophical approaches to performance. They also explain the split we see today where progressive organizations are beginning to leave behind the traditional once-a-year feedback session and instead regularly coach and motivate employees to build on their strengths.

3. Align Performance Goals to Business Goals

One of the most popular mass-media topics in PM is the notion that companies are eliminating PM because it isn’t working. Whenever a large company “ditches” their ratings or appraisal process, it causes another cycle of hot-take articles and breathless announcements that declare that PM is revolutionized.

But Brandon Hall Group’s research shows this to be inaccurate. In fact, the majority (57%) of organizations have made no changes whatsoever over the past two years. Most organizations that have made changes have focused on process changes:

• Separating performance discussions from compensation discussions
• Eliminating use of forced distribution
• Eliminating the use of a rating scale.

While there is nothing wrong with those tactics, our qualitative research shows that other tactics – such as replacing annual performance appraisal discussions with frequent and consistent coaching and in-the-moment feedback, and replacing annual goal-setting with near-term goals that can be coached and built upon over time – lead to greater results. As you can see from Figure 9 below, these people-centric actions (circled in red) are taken by far fewer organizations than process-focused actions.

![Figure 9: Recent Changes to Performance Management Approach](image-url)

Source: 2016 Brandon Hall Group Performance Management Study (n=282)
But an even larger issue is the failure of most organizations to tie employees’ development goals to business goals. Only 9% of respondents to our research said performance goals were linked to business goals to a high-degree (Figure 10 below).

It’s also true that 47% of organizations reported linking performance goals to business goals to a moderate degree, which some would argue is a healthy statistic. But 44% are also not linking the two at all, or to a small extent. Based on our quantitative and qualitative research, organizations that have a high degree of linkage between performance goals and business goals – as well as between learning goals and business goals – have more success, including stronger results in productivity, revenue and employee engagement.
Several organizations that have won Brandon Hall Group Excellence Awards have completely changed their approach to performance management and tied a people-centric approach directly to business goals or even a new business culture.

One example is Sears Holdings Corporation (SHC), the $31 billion omnichannel retail firm with 196,000 employees. SHC, the larger holding corporation that oversees the Sears and Kmart retail brands, realized it was not seeing a positive return on its PM investment. Sears leadership believed that the only feasible solution was also the most radical: to effect a large-scale cultural shift. In order to support and help drive this cultural change, Sears created an entirely new PM approach that took the focus away from the system and instead became focused on people -- in this case, the customer.

Figure 11  Case in Point: Sears Holding Corporation

<table>
<thead>
<tr>
<th>Company</th>
<th>$31 Billion Omnichannel Retail Firm Based in Illinois 196,000 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Details</td>
<td>Faced with disappointing financial performance and a rapidly changing retail environment, the leadership team at Sears Holdings Corporation (SHC) decided it was time to make a cultural shift. The customers needed to become the most important and first consideration in all decisions. All associates needed to be aligned to the same broad vision and business results and live out a common culture.</td>
</tr>
<tr>
<td>Program Innovation</td>
<td>In 2013, the Sears HR team set out to address deficiencies and design a more agile and innovative approach to performance management that was better aligned with the new culture. The traditional process was replaced with an entirely new framework and digital tools focused on performance improvement under a new name: Performance Enablement.</td>
</tr>
<tr>
<td>Key Results</td>
<td>Soundboard, the peer-based feedback tool, has hosted more than 20,000 pieces of performance feedback since its launch. 70% of employees say receiving this feedback drives professional growth.</td>
</tr>
</tbody>
</table>

Source: 2016 Brandon Hall Group
Even the name that Sears selected for this process, performance enablement, is reflective of a philosophical shift rather than a procedural one. By turning the onus to individuals and people rather than on arbitrary numerical goals, SHC was able to see results not just in the quantity of employee usage, but also in the way employees think of performance within the organization. By putting this process in place, it sends a clear message to employees that they have a voice and in turn are being listened to.

There are three primary tools used in the new process:

- **Goal-setting tool**: Includes high-level priorities and quarterly goals
- **Soundboard, a proprietary online feedback tool**: Enables associates to source continuous 360 degree feedback
- **Check-in conversations**: A simple quarterly meeting between associates and managers formatted to facilitate a growth mindset and new insights

One interesting consequence of the performance enablement movement at SHC was in data and analytics. Although many organizations are hesitant to move away from traditional performance ratings because it takes away a data point that is very valuable for analysis (the employee’s performance rating), the Soundboard tool has actually created a wealth of data that is more valid and reliable for making both past comparisons and future predictions, as it is less biased by the usual influences on traditional performance ratings (e.g. managerial prejudice, shifting goals, inconsistent rating systems).

Taking a people-centric approach tied specifically to business goals the way SHC did creates strong business value for Performance Management, which is lacking now for more about 72% of organizations. Figure 12 illustrates
the different levels of business value and the percentage of companies at each level. This is based on our PM research from 2014, 2015, and 2016, qualitative interviews and case studies from the Brandon Hall Group Excellence Awards Program.

72% of organizations say that the business value of PM is average or poorer, or to put it another way, only 28% of companies find that PM adds business value to their organization – meaning competitive advantage, sustained business growth. The research-based model shows that competitive advantage does not begin to appear until attributes of a people-centric PM systems are in place and

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**Figure 12  Performance Management Business Impact Model**

<table>
<thead>
<tr>
<th>Level</th>
<th>PM Impact</th>
<th>Business Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 5</td>
<td>3%</td>
<td>Fully developed coaching culture tied to business goals and fully integrated with technology. Predictive talent capability and career management proactively mitigate performance risk in critical talent segments and key job roles.</td>
</tr>
<tr>
<td>Level 4</td>
<td>25%</td>
<td>Ongoing in-the-moment feedback and coaching linked to near-term performance goals targeted to building strengths in alignment with business goals. Technology utilized to aid performance feedback.</td>
</tr>
<tr>
<td>Level 3</td>
<td>40%</td>
<td>Annual Employee Evaluation focused on building on strengths to improve skills and supplemented with at least periodic performance discussions and near-term goal-setting that are at least partially targeted to business goals. Utilization of at least basic PM technology tools.</td>
</tr>
<tr>
<td>Level 2</td>
<td>20%</td>
<td>Top-down, process-oriented annual performance evaluations focused on weakness to force improved performance. Process is often paper-driven.</td>
</tr>
<tr>
<td>Level 1</td>
<td>12%</td>
<td>Sporadic and inconsistent assessment of individual performance without linkage to business strategy.</td>
</tr>
</tbody>
</table>

Source: 2016 Brandon Hall Group
working. In other words, for business value to occur, the overriding philosophy of PM must be that it is designed to help the employee while at the same time aligning development of the employee to the goals and strategy of the business.

4. Leverage Technology to Enable Effective Performance Management

Once you get away from thinking of performance management as an annual exercise of setting goals and then filling out a form, checking a few boxes, and coming up with a rating, it becomes much more complex and is greatly aided by technology. For instance, setting near-term goals, and getting feedback from employees, peers, supervisors – even customers or stakeholders in some cases – is a lot more effective and efficient with the help of technology tools. The more dimensions you build into your performance management approach, the more helpful technology can be. Knowing this, it is troubling that almost 30% of organizations still track PM on paper.

<table>
<thead>
<tr>
<th>Figure 13</th>
<th>Use of Technology to Enable/Manage Performance Management*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On paper; we don’t use technology</td>
<td>15%</td>
</tr>
<tr>
<td>On paper; but we are evaluating technology/tools now</td>
<td>14%</td>
</tr>
<tr>
<td>Via tools built in to our technology system</td>
<td>68%</td>
</tr>
<tr>
<td>Via mobile apps</td>
<td>3%</td>
</tr>
<tr>
<td>Via a combination of tools/technology and mobile apps</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: 2016 Brandon Hall Group Performance Management Study (n=282)
*Totals add up to more than 100% because more than one technology answer could apply.
Even for organizations just beginning to evolve into a more mature PM approach, the extreme amount of data needed to provide accurate snapshots of employee output and to allow for meaningful prediction simply cannot be managed with a manual process.

Regardless of vendor, there are no PM technology solutions that do not offer a wide range of instantaneous reporting and analytics tools. Likewise, most PM vendors offer a mobile option to whichever PM software they provide.

Modern PM technology providers run the gamut from fully-integrated systems that allow for cross-talk between PM, compensation management, learning, talent management, and talent acquisition (among others) to stand-alone solutions designed to maximize intra-employee communication and networking. In the field of PM, technology capability is about 10 years ahead of its actual usage. For ahead-of-the-curve practitioners, being able to take a holistic view of employee productivity and separate it from external forces (which requires even more data, often from enormous governmental databases), is the next step in fully-realized 21st century PM, but is also completely impossible with anything less than a fully-automated solution.

For many organizations, the good news is that your current talent management provider is most likely able to deliver the collection, storage, and analysis needed for adaptive and agile PM, but their systems remain under-utilized because very little is being asked of them. This makes cost of leveraging PM technology relatively small, but does put the burden of responsibility on organizations to change to a PM practice that allows for greater insight into their workforce, which is more about time resources than software or physical resources. Use the automated solutions
you most likely already have to help take the burden off of managers (thus allowing them to focus on things machines cannot do, such as coaching and mentoring), and if your current technology does not allow for that, it most likely only requires an upgrade rather than entire system replacement.

5. **Train Managers to be Effective Performance Coaches**

There is a direct correlation between the existence of a coaching culture in an organization and the perceived effectiveness and business value of their performance management.

<table>
<thead>
<tr>
<th>Figure 14</th>
<th>Effective or Very Effective Performance Management Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>28%</td>
</tr>
<tr>
<td>Collaborative Cultures</td>
<td>43%</td>
</tr>
<tr>
<td>Coaching Cultures</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: 2016 Brandon Hall Group Performance Management Study (n=282)
Although it is difficult to ascertain which leads to the other (effective PM leads to collaborative culture or the other way around), what is clear is that the two tend to exist together.

A coaching culture is one in which leaders and managers are trained to be effective development coaches and see providing feedback and assistance as part of their jobs. In many companies with coaching cultures, managers are evaluated on their abilities to coach their employees and are held accountable for their team’s performance.

Unfortunately, only 23% of organizations surveyed said their organizations have a coaching culture.

Our research also asked respondents to describe their corporate cultures, and we provided four options:

- **Collaborative Culture**: Open and friendly place to work where people share a lot of themselves. Leaders are incented to be mentors or support roles. Group
loyalty and sense of tradition are strong. The organization places a premium on teamwork, participation and consensus.

- **Controlling culture:** A highly structured and formal place to work. Rules and procedures govern behavior. Maintaining a smooth-running organization is incented. Stability, performance and efficient operations are the long-term goals. Success is based on dependable delivery, smooth scheduling, and low cost. Management supports security and predictability.

- **Competing culture:** A results-driven organization focused on job completion. People are competitive and goal oriented. Leaders are demanding, hard driving, and productive. The emphasis on winning is incented in the organization. Success means market share and penetration. Competitive pricing and market leadership are important.

- **Creating culture:** A dynamic, entrepreneurial and creative place to work. Employees and leaders embrace innovation and risk-taking. A commitment to experimentation and thinking differently are incented within the organization. Leaders strive to be on the cutting edge. Individual initiative and freedom are encouraged.

Perhaps not surprisingly, companies with a collaborative corporate culture were almost four times more likely than controlling cultures to have a coaching culture, and almost three times more likely than competing cultures to focus on coaching for development. Creating cultures were also significantly more likely to focus on coaching than controlling or competing cultures.
And, as shown in Figure 17, collaborative and creating cultures were significantly more likely to report effective performance management than controlling and competing cultures, as well as the respondent pool as a whole.
It’s not difficult to ascertain why these trends exist. Both controlling and competing cultures tend to focus on the individual, whether it be individual leaders or individual employees that must better one another, whereas as collaborative/creative cultures are more successfully goal-oriented, because there is less emphasis on the workings of the organizations, and more importance given to the outcomes the organization is trying to influence.

The research leads us to believe – as we have been saying for the last several years – that developing managers as performance coaches is critical. Fortunately, 45% of organizations said they are defining the benefits of coaching and training leaders in effective development coaching.

6. Recognize Employees for Small and Large Accomplishments

Two factors are affecting how the human resource function is practiced in the modern world: one is the rise of fully integrated HCM systems, and the other is the growing influence of psychology (especially neuroscience) on our understanding of employees.

Recognition is one of those areas that has benefitted greatly from the increased scrutiny and comprehension of human motivation. Previously recognition, like performance management, was seen as a separate discipline and sometimes its own department (a practice that still exists today). However, recognition is not a procedure or process, but instead is something that should be incorporated into everyday activities and existing processes, again much like effective PM.

The research showed that various levels of recognition are just as likely to not occur as occur with any frequency, which of course simply will not work if a company hopes to reward and reinforce selected behaviors.
Part of the reason for organizational failure in recognition ties back to two others critical calls for change – lack of use of technology and lack of consistent coaching and feedback.

For instance, one reason for lack of consistent recognition is that many organizations do not have a daily record of the behavior and actions of their employees. However, most modern workforce management, performance management, and human capital management systems all are designed to take advantage of the massive amounts of storage and analysis required for daily (or more frequent) data collection. The problem does not lie within our technology, but rather within our organizational systems and
outlook – such as the absence of a coaching culture in a majority of organizations. Part of coaching is developing strengths and recognizing achievements – even small ones – to reinforce desired behaviors.

Only by creating a workplace where there are frequent performance conversations, interactions, and communications that are stored, monitored, and acted upon, can we truly reap the full benefits of recognition.

Some companies such as Sears Holdings, discussed earlier, and Baker Hughes, a global energy and gas company, have leveraged an enhanced performance management culture and technology to improve results.

**Figure 19** Case in Point: Baker Hughes

<table>
<thead>
<tr>
<th>Company</th>
<th>$21 Billion Global Oil and Gas Company Based in Texas 58,800 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Details</td>
<td>In the face of enormous growth over three years, and across the very complex network of employees, geographies, and projects, and changes in regulations and training requirements, Baker Hughes had a need to align its people through efficient performance management processes.</td>
</tr>
<tr>
<td>Program Innovation</td>
<td>Baker Hughes plans to build a sustainable competitive advantage through investment in its people. The performance management process focuses on a high-touch culture that combines a blended method of connecting, enabling, and evaluating the employee’s performance throughout the year.</td>
</tr>
<tr>
<td>Key Results</td>
<td>The combined focus of talent management and performance has helped to address the shortage of qualified workers. The company saw improved reliability through a significant reduction in non-productive time (NPT), a key metric in the oil/gas industry.</td>
</tr>
</tbody>
</table>

Baker Hughes has begun to leverage up-to-the-minute research to create a culture, supported by their technology solutions, that fully supports their business initiatives and
Performance of employees qualifies as an event that can no longer be viably addressed one or twice a year through formal performance appraisals/discussions, though 72% of organization surveyed still do this.

recognizes meaningful employee achievements.

Switching from a process-oriented to people-oriented viewpoint helped lead the company to a method of PM that emphasized constant contact and ongoing dialogues that help keep their company completely abreast of all the inner-workings of their company, while also signaling to their employees their importance to overall business performance, reflected in the reduction of non-productive time, a key metric for their industry.

The case of Baker Hughes is archetypical in that it encompasses all the major forces influencing the modern workforce: generational shifts, globalization, the rise of the contingent workforce, and fluctuations in regulatory foundations. However, the one constant across all of these changes, and that will remain as a constant through all others, is the speed of communication. Regardless of where business is being conducted of who your employees are, any events are processed immediately and should be acted upon almost as fast. Performance of employees qualifies as an event that can no longer be viably addressed one or twice a year through formal performance appraisals/discussions, though 72% of organization surveyed still do this.
Conclusion

If after reading this report you are left with the impression that your organization’s performance management program can be rescued by implementing a few new programs and introducing a new PM process, then you’ve missed the point of this report. There is a reason that even after 20 years of intense scrutiny on the PM process, the majority of companies find it to be ineffective. That is because solutions to this point have focused on changes to the process and method, where in reality the entire concept of PM must be reevaluated and redefined and focused on employees.

Frankly, this is not an easy sell – because it’s difficult -- which is why there has not been a lot of research and analysis in this direction. It is much easier to tell people
that their problems can be solved by a few concrete actions they can take than it is to convince people that they must reevaluate the very way they think about developing employees. Yet a fundamental shift to the mindset surrounding PM must take place to create the types of change needed for this essential aspect of human capital management. And while the results are modest at this point, our research shows signs of enlightenment and change.

Whether the version of PM that is seen as effective by most organizations looks anything like PM as we think of it now is doubtful, but PM itself certainly won’t be going away. As long as people are employed by organizations, those people will need to be aligned, engaged, improved, and informed; what is certain is that those things will not happen if organizations continue to treat performance management as a process instead of an opportunity to develop people, which in turn results in improved individual and organizational performance.
Brandon Hall Group’s Research Methodology

Evaluation of Business and Talent Landscape
We study current trends to hypothesize about how they might influence future events and what effect those events is likely to have on your business.

Quantitative Surveys
To test our hypothesis, we gather empirical insights through formal and informal surveys completed by Executives, Chief Human Resources Officers, VPs of Talent and other business leaders as well as HR, Learning and Talent Leaders and employees.

Qualitative Interviews
To check assumptions generated from surveys and to add context to the empirical survey data, we talk to Executives, Chief HR Officers, VPs of Talent and other business leaders as well as HR, Learning and Talent Leaders and employees.

Analytics-Based Reports and Tools
After verifying our position internally, in alignment with scholarly research, and the market and completing rigorous peer reviews, our position is documented and published, made available to our members, in the form of reports, tools and online searchable databases.

Market Testing
We fortify and validate our initial findings, leading practices and high impact processes within the analyst environment, our own Advisory Board and select other clients and prospects that offer fair assessment of the practicality and usability of our findings, practices, and processes. Again we add new perspectives as appropriate before readying the research for publication.

Emergent Trends
After studying and analyzing all collected data, we see and document patterns emerging within high performing companies. We create initial drafts of our findings, leading practices and high impact processes.

Expert Resident Knowledge
Our quantitative and qualitative findings are shared within our internal research community and rapidly debated in peer review sessions to test validity and practicality.

Scholarly Reviews
We study and analyze renowned academic research comparing and contrasting their findings to our own and again engage in rapid debate to ensure our findings and analysis stand the tests of business usability. New perspectives are shaped and added as appropriate.
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Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

At the core of our offerings is a Membership Program that combines research, benchmarking and unlimited access to data and analysts. The Membership Program offers insights and best practices to enable executives and practitioners to make the right decisions about people, processes, and systems, coalesced with analyst advisory services which aim to put the research into action in a way that is practical and efficient.

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