

The Rise of Continuous Feedback

As per an HBR article published in October 2016, it can be construed that the start of continuous feedback was in 2002, when a company named Colorcon abandoned its practice of annual performance reviews and replaced the same with supervisors giving people instant feedback, tying it to individual goals and handing out small weekly bonuses to employees they saw doing good things.

Interestingly a month later Facebook Head of HR, Lori Goler² published an article in HBR which talked about why Facebook is maintaining performance evaluations. This made an interesting distinction between the performance review process and its outcome.

The above clearly indicates the debate on the next generation performance management process is far from over, though we seem to be reaching a consensus about use of continuous feedback mechanisms in the process. While the overall process and its outcomes are still be designed and redesigned by organizations as per their business and industry realities. Some estimates indicate that about a third of American businesses have abandoned annual performance reviews and replaced the same with continuous feedback.



The reasons for companies to adopt the continuous feedback process could be found in the proliferation of digital technologies and digital business models all over the world. With B2C apps asking for immediate feedback on quality of service or experience, employers started to ask why not create this inside the organization too. As we move in this rating economy businesses have found value in not just the ratings but also the quality of the raters thus creating a double loop dynamic. As companies are looking to adapt the continuous feedback culture 2 trends seem to be emerging – one that leads to “Employee Engagement” and the another one that links to “individual performance”

The evolution of Performance Management

Employee Engagement and Continuous Feedback

In a growing economic environment coupled with talent scarcity one of the top challenges worrying business leaders today is of employee engagement and retention. Traditionally companies conducted annual employee engagement surveys and benchmarked themselves against peers to identify with best practices that made them “best place to work”. As companies look to address the issue of employee engagement they realize that it’s an extremely complex issue with as much as 20 distinct factors contributing to it. While these annual surveys provide a guidance many a times they fail to provide specific actions that organizations can take to improve on their engagement scores.

The changing nature of work and engagement thus forced companies to look at an alternative method which “listened” to employee feedback on a more regular basis and provided actionable insights to management. The other drive for this change happened as companies started to implement continuous performance management they often realized that feedback and engagement surveys should be connected to the process. The objective of the pulse surveys is simple – provide managers and leaders with a snap shot of what’s working and what’s not working more frequently for them to take action, thus improving employee engagement at work. These surveys can help identify management issues, leadership gaps, safety and compliance issues, and fraud and theft problems never before made visible.



Individual Performance Management

As described at the beginning of this article, we see that continuous performance management as part of the performance review process is a growing trend. As per Deloitte’s 2017 Global Human Capital trends research⁴, 70 percent of companies are in the process of reinventing the performance management process in their organizations. The impact of these changes is being measured and 90 percent of companies that redesigned performance management saw direct

improvement in engagement, 96 percent said the process is now simpler and 83 percent said the quality of conversation between employee and manager improved.

The performance management process is being reviewed and its scope is getting expanded to focus more on development than just evaluation. This means that goals and objectives or OKR’s will be part of the performance management systems it will also include frequent conversations focused on identifying areas of strength and specific skills required to perform the tasks better⁵. The conversations will also focus on coaching and development while providing avenues to even discuss career paths in the organization thus understanding employee aspirations and enabling them to achieve the same.

Some of the key attributes of a continuous feedback process that drives performance and engagement are:

- Agile feedback loops – Weekly check-ins complement the company’s performance paradigm of recognizing, seeing and fuelling performance for the future.
- Short term focus – According to Josh Bersin, companies that set quarterly performance goals generate 31% higher returns from their performance process than annual ones. And monthly performance goals give better results.
- People Development and Coaching Approach – as digital natives join the workforce, linking performance management to development needs will enhance the employer value proposition
- Qualitative KPI’s – changing nature of work and need for regular feedback necessitates development of qualitative performance measures.
- Integration with business goals – rethink how to link rewards and recognition to qualitative feedback received during check-ins.

The Lure of Analytics and AI

The continuous feedback systems will definitely generate a lot more data via its frequent interactions between employee and manager, and companies are hoping to leverage this data to make informed decisions. As companies operate as network of teams and are shifting from jobs to work in their operations the need to align goals, provide feedback and coach for performance is real time, continuous and multi directional.



With the rise of people analytics and metric driven decision making in the organizations, the continuous feedback systems are becoming an important source of qualitative data that can be coupled with quantitative data to make more informed decisions, provide employees with specific feedback and development inputs, and also track impact of certain actions on specific metric and variables.

Analytics and AI can work together to build predictive models while also providing contextual insights for taking certain specific actions. These tools can help managers analyse specific interventions and thus identify the ones that are likely to make impact based on predictive models and historic data.

The challenges

However implementing a continuous performance management system especially in a global environment is a difficult task as cultural or regulatory aspects may restrict the innovations in the performance management process. Adidas Group, for instance found that its employees in Asia wanted a more traditional, structured approach while US workers wanted a more agile process. As per research by Neuro Leadership Institute; 88 percent of companies took two years to gain significant traction with a new performance management system.



Designing and building a culture of continuous feedback is a journey and has multiple facets that organizations will have to consider. As we have seen companies that have embarked on this journey have continued to make changes – for example – Deloitte, PWC and others that tried going numberless are reinstating performance ratings but using more than one number and keeping the new emphasis on development feedback.

As companies embark on this journey of building the culture of continuous feedback they would have to embrace multiple changes in technology tools while also investing in building employee and manager capabilities of both receiving and giving feedback to each other. As the continuous feedback

process becomes a two way street, organizations will also build mechanisms to make people accountable for the feedback they give and receive. In this journey companies would have to continuously educate people and develop processes to identify best practices while helping employees and managers understand and cope with both positive and negative feedback.

In conclusion we are all reminded of this quote from Jim Collins book – Good To Great – “A day to day culture of feedback and robust professional discussion is one hallmark of successful companies”

Source : Amol Pawar, <https://tinyurl.com/y8v6a69y>