

# The business case for change

The ROI of embracing a high-impact performance process

Old-school approaches to performance management can be demotivating, uninspiring, and make people want to give up.

Recent surveys<sup>1</sup> have found that less than half of employees feel like the way they are evaluated is fair, transparent, or helps them develop. In 2014<sup>2</sup>, only **8 percent** of companies report that their performance management process drives high levels of value, while **58 percent** said it is not an effective use of time.

It's time to make the case for change and redesign performance.

Research<sup>3</sup> shows that organizations with employees who are more satisfied with their company's approach to performance management are:

**1.3x**  
more likely to meet their financial targets

**3x**  
more likely to effectively manage change

Companies that are deemed more skilled at performance management enjoy<sup>4</sup>:

**2.1x** revenue growth

**2x** profit margins compared to other companies

## LINKING ENGAGEMENT AND PERFORMANCE

### Customer insight: **inVISION**

InVision wanted to know how their onboarding program influenced employee performance later on. So, they connected their Performance and Engagement data within Culture Amp and found three key risk factors:

#### 1. ARE EMPLOYEES FEELING PRODUCTIVE?

New hires who responded favorably to the onboarding survey question, "I am feeling productive" were:

**4.2x** 

more likely to be high performing (vs. low performing) at their 1-year mark.

#### 2. IS EMPLOYEE INDUCTION THOROUGH AND EFFECTIVE?

New hires who responded favorably to the question, "My induction program was thorough and effective" are:

**3.8x** 

more likely to be high performing at their 1-year mark.

#### 3. DOES THE NEW HIRE'S EXPERIENCE MATCH THEIR EXPECTATIONS?

New hires who responded favorably to the question, "My experience of the organization has matched my expectations" are:

**3.1x** 

more likely to be high performing at their 1-year mark.

## A CULTURE OF CONTINUOUS FEEDBACK



Rather than focusing on past performance, a better performance system incorporates continuous feedback.

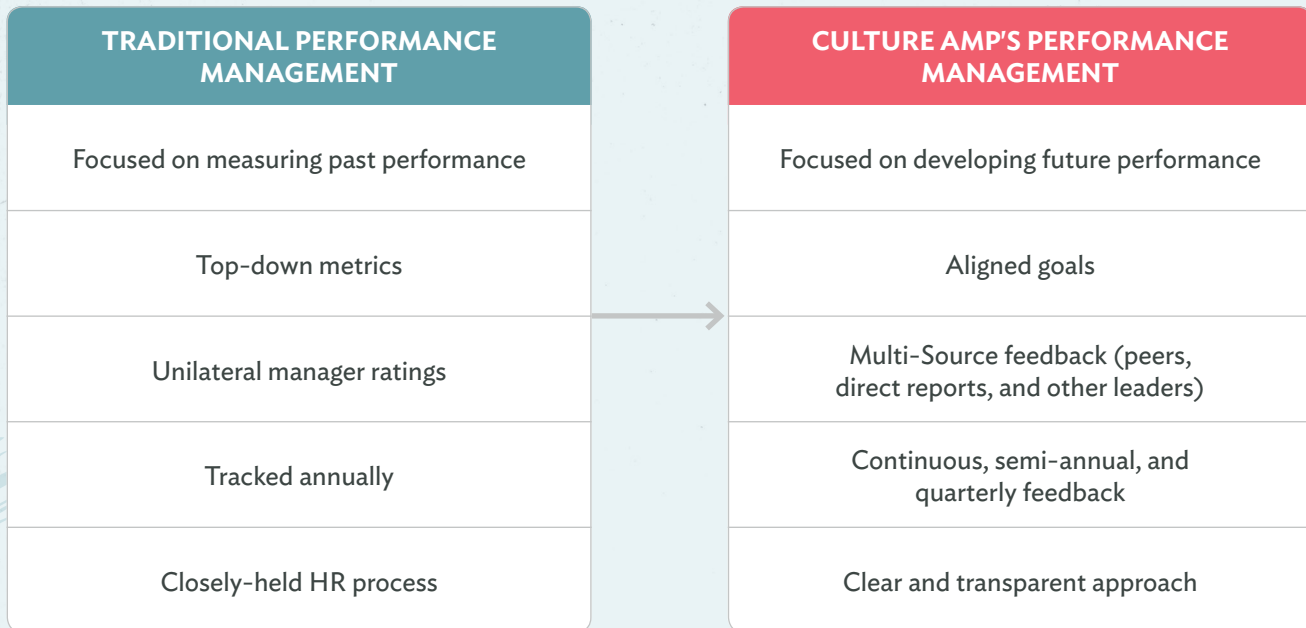
Research from Josh Bersin estimates that about 70% of multinational companies are moving toward this model.<sup>5</sup>

In a study on giving and receiving feedback:

**92%**

of the respondents agreed with the assertion, “Negative (redirecting) feedback, if delivered appropriately, is effective at improving performance.”<sup>6</sup>

## REDESIGNING YOUR PERFORMANCE PROCESS



Get an inside look at Culture Amp's performance product here:

<https://www.cultureamp.com/performance-reviews-demo/>

1, 3. Kathi Enderes Ph.D. and Nehal Nangia. “High-Impact Performance Management.” Bersin. September 2019.

2. Stacia Garr, Andrew Liakopoulos, and Lisa Barry. “Performance management is broken.” Deloitte. March 5, 2014. <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2014/hc-trends-2014-performance-management.html>

4. Rainer Strack, Jean-Michel Caye, Carsten von der Linden, Horacio Quirós, and Pieter Haen, “Realizing the Value of People Management.” BCG. August 2, 2012. <https://www.bcg.com/publications/2012/people-management-human-resources-leadership-from-capability-to-profitability.aspx>

5. Peter Cappelli and Anna Tavis. “The Performance Management Revolution.” The Harvard Business Review. October 2016. <https://hbr.org/2016/10/the-performance-management-revolution>

6. Jack Zenger and Joseph Folkman. “Your Employees Want the Negative Feedback You Hate to Give.” The Harvard Business Review. January 15, 2014. <https://hbr.org/2014/01/your-employees-want-the-negative-feedback-you-hate-to-give>