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DID YOU KNOW??

5 Reasons to Stop Giving Annual Reviews

Conducting annual reviews is an exercise in futility for everyone involved: managers rush to gather a year's worth of hastily written sticky notes while employees nervously wonder if the feedback they'll get is accurate or even addresses their career growth goals. So, what can companies do to make reviews more effective?

5 reasons you should ditch annual reviews and how you can create a culture of continuous growth.

1.) Performance reviews don't motivate employees

In traditional reviews, managers usually give a data dump of notes that is hard for them to deliver and hard for employees to hear. In fact, 90% of employees don't even think they're accurate.

How to create a culture of growth: Deliver feedback throughout the year so employees can receive real-time recognition and performance coaching. At year's end, there won't be any surprises and the conversation can be about future goals, not looking back at what's too late to change.



2.) Performance reviews aren't meaningful

Reviews are actually hard work – which would be fine if they were also useful. How does bringing up an employee's miscue back in March lead to their personal development, or even a stronger bottom line?

How to create a culture of growth: Hold one-on-one conversations between the manager and employees on a regular basis. Leverage these to celebrate accomplishments, review projects, and discuss how to overcome project challenges. Employees will feel more engaged, which will be reflected in the bottom line.

3.) Performance reviews don't promote positive relationships

Traditional reviews encourage managers to find something to fix, even if a direct report is a high performer. No wonder 83% of HR managers say the process needs an overhaul.

How to create a culture of growth: Managers should make performance continuous. Those one-on-one conversations should also address employee goals, both how they can be achieved and how they tie into the company's business strategy.

4.) Performance reviews ignore team dynamics

Managers are responsible for managing teams, but traditional performance reviews are often too focused on individuals.

How to create a culture of growth: Managers should gear reviews towards showing employees how their work impacts the company's mission. This includes breaking down silos to solicit company-wide feedback and going beyond job descriptions to measure performance and growth.



5.) Performance reviews don't tell the whole story

Traditional reviews compress a year of performance data, but they often don't address how employees' goals or past successes can guide growth opportunities. They also pigeonhole performance into a bell curve, ignoring the fact that things change over time. But there is a better way.

How to create a culture of growth: By creating a culture of continuous performance evaluation, managers can more easily assess an employee's work and fully develop their skills to drive growth. Half of companies who routinely measure performance are in the top quartile of business success.

The solution? True performance management

Performance reviews aren't going away anytime soon, but they can be made more useful with the right technology, and actually motivate managers and employees, create better managers, improve team performance and contribute to company knowledge.

Excerpts from Cornerstone Ondemand