

# Managing & Assessing Talent

## The Appraisal is Dead – But What Works Instead?

### Background

Recently, there has been a well-documented move away from the traditional Annual Appraisal, with its rating system and links to pay and reward. Indeed, we have featured articles on this topic in previous editions of CurveMail.

It's all very well saying that the Annual Appraisal doesn't work, but what are people replacing it with? What is working?

Here at The Curve Group, we have been working with a number of our clients to find practical alternatives to the Annual Appraisal. This is especially important now, as amongst other factors, Brexit is having an influence. Organisations are anticipating the biggest change as a result of Brexit to be increased competition for well-qualified Talent. This in turn makes it even more important to ensure that businesses have plans and processes in place to further develop existing employees.

At The Curve Group we separate our Performance Review Process from activities to assess Talent and to reward people. Using this experience, we have successfully introduced similar approaches into a number of our client organisations.

### Approaches to Managing Performance

One of the first steps to creating an effective new process is to understand why it is not possible both to rate

performance and develop individuals in the same conversation.

The next step is to identify what the most important drivers are within your own business.

There are a number of different approaches on the Performance Review spectrum ranging from 'Hard' to 'Soft'.

An example of a 'Hard' approach would be to judge and score performance and directly translate that into bonus and remuneration outcomes.

An example of a 'Soft' approach is for the Manager to assume the role of a Facilitator or a Supporter and review performance to identify Learning & Development needs.

You can't be at both 'Hard' and 'Soft' at the same time. Managers can't hope to have an open and honest conversation about development needs, whilst at the same time discussing the rating and remuneration of that individual, as clearly the individual will be conflicted and motivated to demonstrate they are a high performer with fewer development needs – (even if that isn't the case). It's easy to see how combining both areas simultaneously can drive the wrong behaviours.

Our recommended approach to Performance Reviews aligns with a 'Performance Improvement' approach which sits at the 'Softer' end of the spectrum and involves evaluating strengths and weaknesses and improving performance through coaching and feedback.

## Features of an Effective Process

Turning a 'Performance Improvement' approach into a practical process typically includes the following features:

- Monthly 1:1s between Managers and their direct reports
- More formal and documented performance reviews at least every six months - these meetings must be preceded by communication to all employees about organisational direction and objectives
- Employees take responsibility for creating personal objectives and identifying their own development needs in order to create engagement
- Managers and their direct reports revise and finalise documentation as part of their conversation
- Very simple documentation is used - four questions may be enough!
- Use is made of the collective outcomes to identify key themes and to feed into organisational Learning & Development plans

## Pay and Assessment

A separate annual process is then required to drive reward, identify high performers and high potential and as the basis for succession planning.

For our clients, we frequently employ one of the versions of the '9 box model' for this purpose. It is of course, always important to adapt the model to ensure it is aligned to your own organisation's definition of Talent.

## Aims

The aims of the two processes are very different, here is a brief summary.

## Performance Review Process:

- Build a habit of positive performance-based conversations between Managers and their direct reports
- Review and learn from recent experiences and from the execution of previous objectives
- Align personal objectives to the overall organisational goals
- Empower employees to take personal responsibility
- Identify Learning & Development needs which align to business and individual needs
- Possibly provide a forum for discussion of personal career ambitions and associated development needs
- Provide a source of data to feed into the Talent Assessment Process

## Talent Assessment Process:

- Assess employees' current levels of performance as well as their future potential
- Provide data to drive a fair and consistent approach to pay and reward
- Provide data to inform succession plans
- Identify employees who should receive targeted development to realise their potential
- Identify high performing individuals who need to be given specific attention to ensure that they are retained within the business
- Identify individuals who are underperforming to decide how to deal with this

## Implementation

In many organisations, the approach described above requires a change of thinking and behaviour both for Managers and their direct reports. Here are some hints and tips for implementation:

- Explain the rationale and beliefs that underpin the new approach
- Involve Managers in shaping the details e.g. frequency of meetings, structure of the forms
- Train Managers and their direct reports. This training will need to explain the process and documentation, but it is important to have an emphasis on the skills required to hold a really great conversation
- In larger organisations, it can seem a costly and daunting task to train all staff in the new approach. However, this is an essential investment. Remember that the training can be delivered in 'bite-sized' sessions. Consider use of virtual classrooms, webinars or e-learning as efficient and cost-effective methods
- In some of the organisations we have worked with, Managers have been reluctant to empower their employees to draft their own objectives and development needs. Be aware that you may meet resistance, and monitor and provide support where necessary
- Monitor and communicate completion rates to everyone. In the case of one medium-sized client,

where we introduced this new process, completion rates went from almost zero in the previous year to 100% (excluding those long term absent) in the first year of implementation

- Ensure you make maximum use of the information produced by the reviews e.g. to inform Learning & Development plans

## Further Reading

<https://www.forbes.com/sites/kathycaprino/2016/12/13/separating-performance-management-from-compensation-new-trend-for-thriving-organizations/#2db1c93b77d4>

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