

Perspectives

Marc Sokol, Editor

More common than the presence of performance management systems is the dislike employees and managers have for the systems with which they seem to be stuck. In many companies, the expectation is to follow a required evaluation process, to get reviews completed on time and then to get back to “real business.” Many companies try to enlist managers to use performance management for development and coaching, and to make it an ongoing process, but too many managers and employees just see it as a broken process, far too time-consuming relative to the impact it has on individual and organizational effectiveness.

What if there was a better way?

Smaller firms can be trendsetters, and in the lead Perspectives article we read of one company that is engaging all 375 employees as owners of the performance management process. **Angela Baldonero** and **Matthew Hoffman**, both of Return Path, and **Marc Maltz** of TRIAD Consulting Group, LLC, describe Return Path’s multi-year effort evolving performance management processes to drive the business forward *and* engage the employees of the firm. If you ever dreamed of a day when employees would truly step up to full accountability for their own performance, this Perspective is for you.

The commentaries that follow each expand on the lead Perspective, with input from a large company, from two researchers steeped in organizational learning, and two seasoned consultants who have

seen the future of performance management. At least for some organizations, that future of a better approach to performance management has already arrived.

Bjarte Bogsnes from Norway, reports on Statoil’s efforts to reform performance management to be multi-faceted and drive more intelligent behavior across the firm.

Gyan Nagpal, from Singapore, tells us we need to “reboot” the performance management operating system if we are to indeed drive different behavior. He draws upon his research across developed and developing nations.

Valerie Sessa and **Jennifer Bragger**, both from Montclair State University, challenge us to look at Performance Management through the lens of a committed gardener: We don’t just need to adjust the organization; as HR professionals we need to adjust our own attitudes regarding the care and ongoing nurturance of performance management systems.

Nancy Tippins, from CEB Valtera/SHL, offers a final commentary, writing about different futures we can expect to see, and why our approaches to performance management must continue to evolve.

How has your company wrestled with the challenge and opportunity of performance management? What successes have you had and what have you learned along the way? Read the Perspectives in this issue and challenge your own company to take a bold step forward. If you care to share your own thoughts, you can link to the individual authors or contact me at marc.sokol@SageHRD.com.

A New Perspective on Managing Performance

By Angela Baldonero, Matthew Hoffman and Marc Maltz

Traditional performance management systems are out-of-sync with the needs of the modern workforce. Employees and managers loathe the use of these systems and HR departments do not derive much actionable information from the reams of data collected along the way. One of the most valuable assets in today’s workplace is specific, in-the-moment feedback, an asset that is buried and often lost in today’s ineffective performance management systems.

What if there was a better way? In examining high performing organizations, we concluded that self-correcting systems have far greater

promise. We are evolving the management of performance from a 360° performance management system, through “live 360s,” and now moving responsibility for managing performance into the team, utilizing the work as the criteria for evaluation.

At Return Path, we have worked to evolve how we measure and improve role and work performance, provide actionable feedback, separate evaluative from developmental conversations, and advance the overall “operating system” of the company. We began this journey 10 years ago, first developing a custom 360-degree performance

system, then migrating to a standard commercial system as the company grew. This process began to take an enormous amount of time, especially for those who had to provide feedback on a number of people. We began to conduct facilitated “live 360s” for managers in which we would bring together a 360-degree view of a person’s key stakeholders for 45 minutes, resulting in a detailed report that highlighted important developmental opportunities. Yet, as we drove efficiencies into the organization, we wondered how to bring the conversation closer to impacting the work while simultaneously developing a culture of accountability and continuous feedback.

Return Path is the worldwide leader in email intelligence. We analyze more email data than anyone else in the world, using that data to power products so that only email people want and expect reach their inbox. As a values-based organization, we offer a casual work environment, where dreaming up new ideas is more important than following old formulas. Here, employees enjoy being part of a thriving company of smart, hard-working, innovative and passionate people who are committed to individual growth.

Return Path wants all employees to be engaged and satisfied — offering an array of programs to empower employees to acquire new skills, develop as leaders and chart an enviable career. We focus on trusting employees and design all processes to increase freedom wherever possible; we don't have one-size-fits-all solutions. The impact is that Return Path has been ranked No. 11 in the United States as a Great Place to Work by *Fortune Magazine*, recognized by Crain's in New York City, and ranked by *Colorado Business Magazine* as one of the top three employers in Colorado.

As part of our journey, we spent time in numerous organizations exploring what ideas drive excellence¹. We learned that teams fully authorized for managing and measuring their work performed the best. In fact, our own technical departments who had adopted an agile/lean approach stood out as great examples of higher functioning teams. We are in the process of changing how we operate to put the team in the driver seat by:

1. Asking every team and team member to identify what they are responsible for delivering and to whom in the organization. Once established, team members/teams meet with their stakeholders to negotiate deliverable(s) and determine how performance will be measured.
2. Establishing personal/team charters in which people/teams commit to delivery

within the measures established. These charters will be published openly, amended and commented on by any person who has input or is impacted by the outcome.

3. Identifying personal and team development needs that will improve performance. Once established, these individual/team documents are published as a development plan.

We are giving the responsibility for managing performance to where it has the most impact, to the 375 people across our company. We will monitor progress as we evolve our way of operating, allowing Return Path to internalize this new way of working. Our hope is to dramatically improve performance, eliminate less efficient practices, and move review processes to those who deliver, measure, develop and manage the work of our business.

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4. Measuring performance and publishing these data on company-wide dashboards.
5. Providing facilitated (teams will ultimately be trained to self-facilitate) feedback sessions to review individual/team performance in short cycles (weekly, biweekly, monthly, etc.) much like the lean "sprint."
6. Ensuring individual development conversations are continuous among all teammates and, at a minimum, conducted every 60 days.

Neither management nor our "People Team" will intervene unless requested. The manager becomes a facilitator, focusing on team performance, coaching teams and individuals, and refining the operating system for which they are responsible. Managers will also receive feedback from their teams and their peers in the same way as described above.

While currently the intent is to allow managers to use this "crowd sourced" feedback as key decision data when evaluating performance and compensation, our hope is to bring the organization to a place where the entire process is transparent and performance, performance development and compensation decisions are solely owned by the team.

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¹ We have been to Morningstar, Nucor, WL Gore, Amazon, Zappos, Google, Netflix and numerous other well-known organizations. Our attention was drawn to self-motivating, self-managed systems, which seemed to exhibit higher performance coincident with higher motivation and satisfaction.