

# Integrating Performance Reviews with Performance Management

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The Performance Review in ThinkWise is a process that allows the Leader and the Participant to review and summarize the Participant's performance over a specified timeframe. This review process sets the stage for candid discussion and action planning regarding both the "how" of performance (Competencies) and the "what" of performance (Goals). Effective Performance Reviews and the discussions associated with them are a cornerstone of successful talent management in that they help you assess and clearly communicate your view of both what results your people are achieving and how they are going about achieving those results. Unless you clearly communicate this view of their performance, you can only hope you get the results you need.

Performance Reviews are the best summary of *what* an individual is contributing and *how* they are accomplishing those contributions. For this reason, Performance Reviews often link to, or even guide, many other aspects of Talent Management.

## Alignment

Alignment of all an organization's talent toward achieving its goals is an incredibly powerful force. Unfortunately, it is not easy to do. Too many individual agendas and preferences can come into play and dilute that critical focus and alignment. The discipline of doing periodic evaluation of overall performance on goals, as required in the ThinkWise Performance Review process, is instrumental achieving the following:

- Making it clear that goal setting and goal achievement is important in your organization.
- Assuring that people are working on the right things – they know what needs to be done.
- Communicating your expectations for continuous improvement.

## Compensation

If the organization seeks to tie rewards and recognition to performance, the Performance Review summary rating should guide differentiation across individuals. Each organization will have its own internal procedures and standards for doing this integration. However, a fairly traditional guideline is this;

- Annual (typically) Base Pay increases are primarily driven by recent performance as summarized on the Performance Review. Some differentiation would be expected and long-term top performers should be at a clearly higher base salary.
- Variable Compensation, if any, can also be differentiated based on performance as summarized on the Performance Review and is more amenable to wider swings in what is given based on performance.
- Promotions are primarily driven by demonstrated ability or potential to do the new job tempered by a multi-year pattern of overall performance as summarized on the Performance Reviews.
- Spot awards or Special Recognition Awards are driven by specific events and may well be completely independent of the Performance Review results.

## Development

The discussions about performance that characterize an effective Performance Review should result in specific action plans for improving work related skills (training) or competency performance (coaching). The Participant should be encouraged to use the Development Goals in ThinkWise to create and track progress on their personal development. The key role of the Performance Review process is to keep attention on the agreed to areas of improvement and to track progress from one evaluation period to another.

Because the emphasis in the Performance Review is on Performance Goals, you may want to schedule a separate time to discuss your Participant's Development Goals. This can also be a good time to discuss future aspirations and interests in terms of job growth, promotion, transfer, relocation or other developmental investments.

At the organization level, patterns of lower assessments on a particular competency can guide investment in specific learning programs or use of other development investments to address what may be a historic problem.

## **Hiring**

In a sense, the Performance Review is a scorecard on how well your hiring process is working for you. Overall department or organizational patterns of lower evaluations on a particular Competency, especially for newer hires, can flag the need for more attention to assessing this competency in the recruitment and selection of new hires. One of the advantages of the ThinkWise system is that the organization's competency model that drives the Performance Review process is also the basis of the selection process.

## **Succession Management**

Performance Reviews provide a significant source of data the organization can use to do preliminary reviews of their talent bench strength and to identify future leaders for more intensive development investments. Performance Review data, as well as information from leader nominations, 360 surveys and assessments, all come together to help the organization get a snapshot of their internal talent pool and identify those individuals they want to plan around.