

Why Ongoing Feedback vs. Annual Performance Reviews?

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It's become increasingly evident that execs are using ongoing feedback models to replace annual performance reviews. The workforce is experiencing a significant shift towards agile, real-time continuous feedback and approaching performance management as an ongoing set of activities versus a once-yearly event – but, why?

Here are some of the most compelling reasons for making the switch:

The Annual Review is Inefficient and Outdated

Oftentimes, there are few (or no) positive outcomes that result from the annual review. Managers and employees alike find that preparing for the annual review is time-consuming, and the time spent working on it could be used to put more effort towards achieving goals. In addition, the annual review causes stress for both parties, because when performance is discussed only once per year in a formal setting, it becomes difficult for either person to have an open, honest conversation about expectations, progress, and areas that need improvement.

Managers and Employees Need More Feedback

Managers need to receive updates about progress and performance in a way that doesn't disrupt the workflow, and employees also need to find out how their performance is measuring up to expectations. By developing a continuous stream of communication, you'll develop a closed-loop feedback model that's part of the natural rhythm of the organization.

Ongoing Feedback actually SAVES Time

Some execs wonder if exchanging feedback more frequently will take up more time, but consider this: Deloitte recently found that in total, their workforce spent about 2 million hours preparing for the annual performance review, and the average manager spends 210 hours on activities related to the performance review. Now, if you consider the amount of time spent checking in with your employees briefly each week for one-on-one meetings and exchanging feedback via an employee progress report, that would still amount to less time that you'd spend on the annual review – and you'd also have a more engaged, dedicated team of high performers.

Feedback is Most Effective when Given in Real-Time

When you give your team specific, actionable feedback directly following a performance task, it's much more effective in real-time than it would be months down the road. Plus, there's no way you'd be able to keep track of all the performance strengths and/or issues that you'd need to address in an annual review, but when you take a more consistent approach, you can focus on all aspects of performance so that your employee has a well-rounded set of expectations, (instead of focusing on just one or two major areas of improvement). Most importantly, employees can begin to either improve or continue performing well right away after receiving your feedback in real-time; giving feedback only once per year allows months and months of underperformance (or conversely, excellence) to go by unaddressed.

It Boosts Engagement and Performance

Many execs know that driving employee engagement is extremely important, because it affects critical business outcomes like performance, productivity, profit, and more. Informed employees are engaged employees, because they have clarity on how their efforts impact company goals, what's expected of them, and how they're measuring up to those expectations. This clarity cannot be achieved through an annual review, however – it **MUST** be achieved through ongoing feedback. And, once employees are informed and engaged, their performance will improve as a result, along with productivity and profits.