



## E-book

7 steps to an effective performance  
management cycle

**D** Dialog

# Introduction

The goal of the performance management cycle is to support employees with learning, development and performance. This results in a meaningful contribution to the success of their organization.

Therefore, when transforming your performance management cycle, it is essential to take the employee as your starting point. With that said: design your new performance management cycle with your employees, not for your employees.

The seven steps that we present in this e-book will help create a cycle that truly supports your employees in their learning, development and performance. If you need any help, don't hesitate to contact me.

I wish you all the best with transforming your performance management cycle!

Kind regards,



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# The 7 steps for an effective performance management cycle



Identifying problems of the current cycle



Establish starting points for the new cycle



Design the new cycle together with employees



Select supporting technology



Start experimenting with a few departments



Evaluate and learn



Include the organization in the new way of working



## 1. Identifying problems of the current cycle

Transforming just because you want something new is rarely a good idea. There is only a valid reason to do something if the current situation does not suffice. Therefore, start by identifying the problems of the current cycle.

Methods that will help you do this are:

- employee survey
- in-depth interviews with colleagues
- organizing interactive workshops

The most important topics to be covered are:

- ✓ **Goals:** Are the goals clear, challenging and achievable? Do you have insight in the progress? Are you adequately supported in achieving your goals?
- ✓ **Personal development:** Do you think this is important? Do you have clear development goals? Are you working on your personal development in your daily work? Are you sufficiently supported in your personal development?
- ✓ **Conversations:** Do you have conversations about goals and personal development? How do you experience these? Are the conversations prepared enough?
- ✓ **Performance review:** Do you find the performance appraisals valuable? Do you experience this process as fair? Does it encourage you to learn and perform?



### Result

Your employees feel heard and the problems they encounter are taken seriously.



## **2. Establish starting points for the new cycle**

As an organization, you probably have a vision of the way in which you can work together as an organization. This is a good starting point to give direction to the new performance management cycle.

A number of topics are valuable to think about:

### **Ownership**

- Are employees mainly in the lead themselves or does the manager give a lot of direction?
- Do you have or do you want self-managing teams?
- What role do you see for the manager?

### **Transparency**

- Are the organizational objectives transparent to all colleagues? And the progress on these targets?
- Are the goals of individual employees transparent to all colleagues?
- Or does an employee decide for himself? Or is this agreed upon per team?

### **Performance appraisals**

- Do you think performance appraisals should play a role? Or do you want to stop doing them?
- Who plays a role in the appraisal? Think of the employee himself, the manager, colleagues and customers.
- Who gives the final verdict: the employee himself, the manager, the team?
- How often does the appraisal take place?
- Is there a reward linked to the appraisal?

## Feedback

- How much do you value feedback as an organization?
- Is it mandatory for employees to ask for feedback?
- Is feedback purely focused on personal development or does it also play a role in performance appraisal?

## Personal development

- Do you expect all employees to be actively involved in personal development? Or is this a choice?
- Do you want to use competencies to describe the expected behavior of employees?
- Is personal development part of the performance appraisal?

## Conversations

- How do you want employees to converse about their performance and development?
- Do they decide for themselves if and with whom they have these conversations?
- Are there fixed moments for these conversations throughout the year?
- Does anything need to be documented about the conversations?



### Result

You have a vision on your performance management cycle. You can now make design choices based on this.



### 3. Design the new cycle together with employees

Because the performance management cycle is intended to support employees in learning, development and performance, you want to design the cycle together with your employees.

To achieve this, organizations often form a focus group that represents the organization. In a number of sessions, you will get a clear picture of what an effective cycle looks like.

Start by sharing, testing and sharpening the vision. Then take steps to design a new cycle together. You define the subjects ownership, transparency, appraisals, feedback, personal development and conversations. You think about what is mandatory and what is optional, what is the minimum that needs to be documented, and which are the fixed moments for conversations.

You can consider designing different variations of the cycle, which you are going to test. Sometimes there are several good options and you don't know in advance which ones will work best for your employees. Besides, distinct departments can significantly differ in the nature of their work, or the maturity of their teams. Therefore, a different cycle may be necessary.



#### **Result**

you have a way of working that you can test.



## 4. Select supporting technology

A performance management cycle without any supporting technology is almost unthinkable nowadays. Good tech will smoothen the process: it gives insights and support at the right moments.

Three elements are crucial for introducing supporting technology:

1. The technology shouldn't determine what the cycle should do, the cycle should determine what the technology should do. So always pick your software based on your predetermined requirements.
2. The technology should be flexible and adjustable, so that the changes that will undoubtedly come in the cycle, can also be made in the technology.
3. The technology should be extremely user-friendly. Employees must be happy to use it. Software that doesn't work well for employees is a guarantee for a failed performance management cycle.

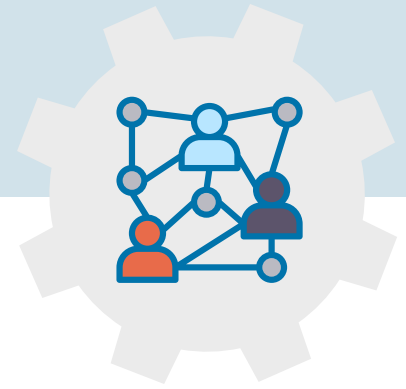
You can choose to introduce technology in a later stadium of the implementation of your new cycle. However, it's important to realise that the technology can really make or break the success of your new cycle.



### **Result**

You selected technology that perfectly fits your performance management cycle and makes it surprisingly easy for your employees.





## 5. Start experimenting with a few departments

Don't try to perfect everything. Chances are that not everything you come up with will work out in real life. This results in a lot of wasted time and energy. The best way to quickly learn if your new cycle works is to start with experimenting.

The key element of a successful experiment is learning as much as possible in as little time as possible. The best way to do this is to make hypotheses in advance about what you want to learn. You can then shape your experiments in a very specific way in order to validate (or falsify, of course) these hypotheses.

A couple of examples of hypotheses you can test:

- ✓ Employees think about their goals more often
- ✓ Employees are more aware of their personal development
- ✓ Employees have a clear understanding of how they contribute to the objectives of the organization or team
- ✓ Employees and managers have better insight into the progress made on the goals
- ✓ The conversations of managers and employees are more often about goals and personal development.
- ✓ Managers are better equipped to coach employees in learning and performing

- ✓ Employees give each other feedback more often
- ✓ Reviewing performance feels easy and fair

Do not hesitate to run several experiments in parallel. You can test different methods in different teams or the same method in teams that are very different in the nature of their work. Make sure that you have a good view on your organization.



### **Result**

You know what your key success factors are for the new performance management cycle, and how you will test your new cycle.



## 6. Evaluate and learn

It is now time to validate your hypotheses through experiments. Once you decide which teams will partake in the experiment, it is important to inform the teams of what is going to happen and what you expect of them. Share with the team the problems of the old way of working, as well as the vision on the new way of working and the role they have in the experiment (for example giving feedback on the new way of working and possible improvements).

It is also important to put a number of evaluation moments on the agenda. During those moments you reflect on the hypotheses and adjust them if necessary based on what you have learned so far.

In this step you can use the same instruments as in step 1:

- a survey
- in-interviews
- workshops

It is smart to start by measuring the baseline. This way you know exactly how the employees are doing prior to the experiment, and you can measure the changes associated with the new way of working.

Our experience shows that three months is enough to complete the phase of experimentation. It is important that you run through all the elements of the performance management cycle in these three months. For example, do you have a performance appraisal at the end of the year? Then make sure you conclude your 'mini cycle' of three months with a performance appraisal as well.

Important moments to evaluate in the experimental phase are:

- ✓ After setting the targets for performance and development (for example 2 weeks after take-off)
- ✓ After the first period in which you reflect daily on your goals and development (for example 6 weeks after take-off)
- ✓ After a second period working with the new method. This is especially important if you adjusted the experiment after the first evaluation (for example 10 weeks after take-off)
- ✓ After the first formal evaluation moment (usually immediately after the end of the three months)



### **Result**

The new way of working is tested and sharpened. You now know that the new performance management cycle is going to succeed!



## **7. Include the organization in the new way of working**

Now that you've discovered a successful new way of working for your performance management cycle, you want to make sure that all of your employees can profit. It is time to roll out the new way of working in the entire organization. Depending on the scale and complexity of your organization this will vary from a large change project to one afternoon of getting together with all colleagues.

What needs to be discussed in any case is:

- ✓ Why is change needed? (problems of the current situation)
- ✓ What outcome do we want? (what is the vision on the new way of working)
- ✓ What does that mean for me? (the concrete application of the new working method and possible consequences for, for example, appraisals and rewards)

A couple of things that will help you to successfully implement the change:

- ✓ Show the involvement of the 'top' management team, for example by having someone from the board of directors personally share their vision on learning and performance with employees.
- ✓ Take away the fear from employees that they can't achieve what is expected of them. Support employees, managers, and teams (for example through training) with setting clear goals, giving effective feedback, having valuable conversations, using supporting technology, etc.

- ✓ Keep the new way of working top-of-mind, for example through a poster campaign, a series of vlogs by managers, or periodic inspiration sessions.
- ✓ Keep evaluating and adjusting. Make sure you stay in contact with employees and managers and discover what works and what doesn't. Share what goes well in the organization and adjust the things that aren't working yet.



## **Result**

All employees from your organization have embraced the new way of working and feel supported in their learning and performing goals.

# Make your performance management cycle surprisingly simple with the online platform of Dialog

## Focus on goals

Set your goals and keep them top-of-mind. Reflect on your progress and immediately set your next step.

## Effective feedback

Gather feedback quickly and easily. On objectives, competencies or behavior. Always specific and relevant.

## Realtime insights

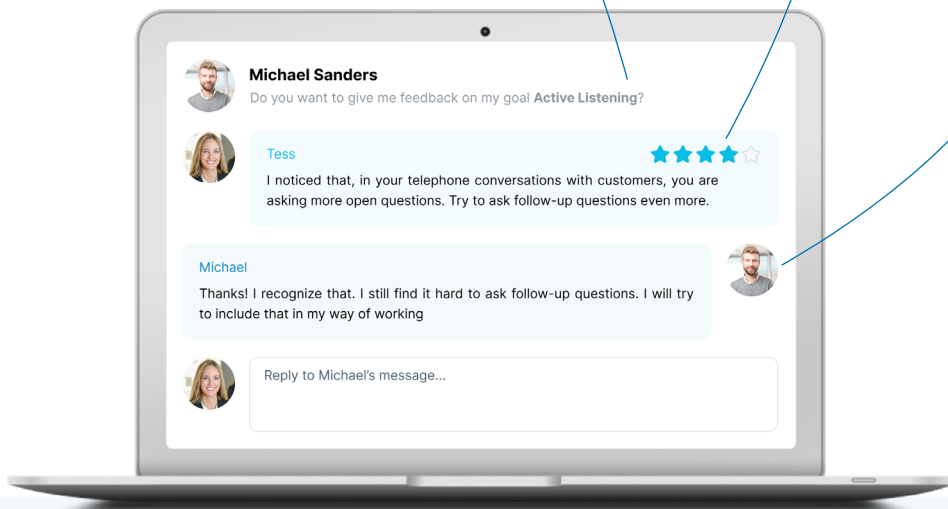
On any moment insight in the progress of your employees and the status of your organization's goals.

## Continuous dialogue

Effortlessly engage in a conversation about your goals and feedback. Dialog supports you by suggesting the right questions to ask.

## Efficient appraisals

All achieved results, feedback, and reflections in one overview to support your performance review with a complete image.



‘Dialog is incredibly easy and inviting, it works simple and effective.’  
– **Devin van Tuijl (Techneco)**

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Why customers chose Dialog

## Dialog ❤️ your organization



### Perfect match

Dialog is super flexible that it supports every performance management cycle. This way it always fits your specific situation.



### Usability

Dialog is the only performance management software that is all about the employee. Experience the simplicity.



### Easy take-off

No complicated implementation process but getting started within one week. This way you can have insights and overview immediately.



### Excellent service

Creating fans is in our blood. You'll have one contact person who feels completely responsible for your success.



'Because of Dialog I am more aware of what is going on in my organization. I easily engage in conversations and I can manage better now. I have a much better overview on everything. Moreover, I notice that people think more for themselves and that the ownership really lies with the employee.'

– Roy Kreeftmeijer (Manager Customer Service ICM)

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