

BUILDING AUTHENTIC, EMPOWERED RELATIONSHIPS: HOW AGILE PRACTICES ARE DISRUPTING TRADITIONAL PERFORMANCE MANAGEMENT

By Marcella Turner

As modern delivery practices are becoming increasingly adopted within financial services, not only are companies utilizing Agile to improve delivery performance, but they are also recognizing the benefits of Agile when it comes to managing employee's performance, rendering more traditional models of performance management obsolete. In this article, we aim to highlight the key differences between traditional and new ways of working methods of performance management.

Why traditional performance frameworks no longer work

Performance management across financial services is often perceived by employees and management alike to be burdensome, time-consuming, and not an accurate reflection of performance. Whilst there are associated benefits to traditional approaches to performance management, such as providing formal and comparable ratings at an organization-wide level, they often restrict creativity and collaboration at an individual and group level.

This view is shared by 95 percent of managers across financial services who are reportedly dissatisfied with their current performance management process¹, stating it does not yield accurate information. On the other side of the fence, employees across financial service organizations are repeatedly calling out frustrations with their performance management framework, with 60 percent stating that they do not understand how performance is managed in relation to their peers.

Not only that, according to a Gallup report The Dream Job, more than one in three employees have changed jobs within the last three years and 91 percent of those employees left their company to do so². Some attrition is unavoidable but considering the average overall turnover is 18 percent, those numbers are just too high³.

One size does not fit all

Traditional performance management approaches such as rigid goal setting, annual appraisals and end-of year ratings have encouraged many firms to shift towards an Agile, 'continuous improvement' model, so that the employee will be more likely to perceive appraisals as an ongoing practice specifically designed to meet their basic need to feel valued and supported, while being rewarded in experimenting with new ways of doing things.

Agile organizations take a people-centered approach, with a means to facilitate on-going one-on-one conversations with continuous feedback loops, not focusing per se on the destination (such as a rating or year-end reviews), but the process of getting there by regularly readdressing objectives and supporting the individual to reach them⁴.

In addition, with recent shifts to remote working, Agile performance management would be a great answer to this new world, which requires real-time responses via the many, various communicative tools we now use. These real time communication tools offer a level playing field to everyone - if employees are expected to communicate and respond instantaneously, the expectation should be the same for managers around performance conversations⁵.

Focus on the whole employee

Employees are driven by purpose and having managers who actively promote their development. 87 percent of millennials cite access to professional development and career growth opportunities as the most important factors in a job.⁶ Organizations must find ways to bring out their employees' best performance by ensuring they feel a sense of purpose and belonging, while recognizing that their priorities might change often to reflect their life stages or the organization's priorities.

1. <https://www.clearreview.com/agile-performance-management-guide-2018/>
2. <https://news.gallup.com/businessjournal/204533/dream-job.aspx>
3. <https://www.zenefits.com/workest/your-company-healthy-employee-retention-rate/>
4. <https://www.clearreview.com/agile-performance-management-guide-2018/>
5. <https://news.gallup.com/businessjournal/182792/managers-account-variance-employee-engagement.aspx>
6. <https://www.gallup.com/workplace/236438/millennials-jobs-development-opportunities.aspx>

By holistically approaching personal and professional development, employers can:

- 1. Apply continuous coaching** – Coaching conversations are a means, not an end focusing on growth and development instead of delivering against objectives. The goal is to help the coachee develop new levels of awareness and skills that foster continuous improved performance⁷
- 2. Gather feedback from varied sources** – Feedback needs to be frequent and come from a mix of sources – quantitative and qualitative - qualitative feedback coming from those most knowledgeable about the employee's work
- 3. Feedback is constructive** – Examples of where a behavior was exhibited and alternatives that could be employed in a similar situation in the future, are key when sharing feedback. Any individuals providing feedback need to build a psychologically safe environment, which is free of judgement and blame
- 4. Encourage social interactions** – Having friendly relationships at work is not just fun, it is beneficial to

productivity and boosts morale. Psychologists will attest to the fact that human beings are sociable creatures who require a certain level of social connection to thrive and perform optimally. Two-thirds of people who have an 'office spouse' for example said that relationship contributed to their overall happiness at work⁸

- 5. Provide ongoing, tailored training** – 40 percent of employees who receive poor training leave their positions in the first year.⁹ Employees need to feel confident and capable in their roles, and ongoing training is one of the ways to provide this. Allowing tailored training options to employees who want to specialize in a skill or role can also enhance their feeling of purpose and belonging
- 6. Let employees innovate and allow for changing priorities** – Most employees want the ability to do what they do best, regardless of their role. Empowering the employee to solve their own problems can bring out their best qualities and reveal new, unique ways of working that can encourage change and innovation

With the increasing prevalence of Agile ways of working, a one-size-fits-all management approach can no longer bring out the best in employees. Each employee is different - the employee experience is the human experience which encompasses the thoughts, feelings, emotions, and decisions that an individual experiences while working at a company. Equipping people to meet their goals, implementing effective employee training and development strategies, and coaching employees to feel more passionate and creative about their work should be at the heart of any performance management practice.¹⁰

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For more information on Ways of Working, reach out to [Michelle Weatherup](#), Head of Ways of Working, Capco UK.

7. <https://www.frontiersin.org/articles/10.3389/fpsyg.2019.01659/full>

8. <https://officepulse.captivate.com/workspouse-2017>

9. <https://www.go2hr.ca/training-development/roi-of-training/employee-training-is-worth-the-investment>

10. <https://www.15five.com/blog/employee-performance-management-trends-2019/>

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