

Rio de Janeiro, October 2026

Performance Management: The Approach Is Only the Beginning

Why changing the process may not change performance - and why organizations need to look beyond performance management itself.

Organizations spend considerable time designing and redesigning performance management. Ratings or no ratings? Annual objectives or more frequent check-ins? Individual or team goals? New technology? More feedback? Simpler processes? These are important questions.

However, in my experience implementing global performance management transformations at scale in multinational organizations, those questions can distract from a more fundamental one: ***“What do we actually need performance management to achieve?”*** Because changing the process does not necessarily change the outcome.

A good process doesn't guarantee a good outcome

There is no shortage of performance management approaches. Some organizations use traditional ratings. Others have moved toward more descriptive assessments. Some rely on annual cycles, while others emphasize continuous conversations and feedback. Any of these approaches can work - and any of them can fail.

It is rarely the approach alone that determines whether performance management creates value. What matters is how effectively the organization puts it into practice and the clarity of accountability surrounding it.

The most sophisticated process will have limited impact if objectives are unclear, feedback is avoided, difficult performance conversations don't happen, or managers see performance management as an administrative requirement. This is why redesigning the process alone may not solve the underlying problem.

Performance management is a leadership practice

Performance management is often positioned as an HR process. Yet most of what determines its quality happens outside HR. It happens when a leader translates business priorities into meaningful expectations. When a manager gives honest feedback rather than waiting for the formal cycle. When performance issues are addressed early. When employees understand not only **what** they are expected to deliver, but also **how their contribution connects to the broader organization**.

Seen this way, performance management becomes much more than a process. It becomes a **leadership practice and an important mechanism for translating strategy into performance**.

That changes the conversation. Instead of asking whether managers have completed the process, organizations can ask whether leaders are creating the clarity, dialogue and accountability needed for people to perform.

Look beyond performance management

There is another reason why changing the process alone often isn't enough. Performance management does not operate in isolation. It sits within a wider organizational system and interacts with leadership expectations, culture, talent management, development, succession, compensation and recognition.

Change one element and there may be consequences elsewhere.

Remove performance ratings, for example, and the organization may need to reconsider how compensation decisions are made. Increase the emphasis on continuous feedback and managers may need stronger capability to have effective performance conversations. Change how objectives are set and there may be implications for how strategy is translated through the organization. This doesn't mean performance management needs to become complicated. **It means organizations should understand the connections before changing the process.**

Start with the outcome, not the process

Before redesigning performance management, organizations can step back and ask:

- What do we need performance management to enable in our organization?
- How should it help translate our strategy into individual and team priorities?
- What conversations do we expect leaders and employees to have?
- Where should accountability for performance sit?
- What are the consequences for good, or bad, execution?
- What capabilities do managers need to make the approach work?
- How does performance management connect to compensation, development and talent decisions?
- Which behaviors does our current approach reinforce - intentionally or unintentionally?
- Where is the real problem today: the process, the capability to use it, or the environment surrounding it?

The answers will be different for every organization. And that is precisely the point. The question is not simply: ***“What should our performance management process look like?”*** It is: ***“What do we need performance management to achieve for our organization?”***

From redesigning a process to strengthening performance

This thinking reflects a broader principle behind **The Nexo Partnership**: organizational practices create greater value when we understand the system in which they operate. When I work with organizations on performance management, the starting point is therefore not necessarily a new framework or process.

It is understanding **what the organization is trying to achieve, what is getting in the way today, and how performance management connects to the wider leadership and talent environment**. Sometimes the process needs to change. Sometimes the greater opportunity lies in clearer accountability, stronger manager capability, better conversations or stronger connections between strategy and individual priorities. And often, it is a combination of these.

The approach matters. But it is only the beginning.

The real opportunity is to create the conditions in which performance management becomes part of how the organization leads, aligns and performs.

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