



# Rethinking the Annual Performance Review: Korn Ferry Survey of Professionals Shows Ongoing Performance Discussions and Real-Time Feedback are More Effective

November 29, 2018

-- Nearly Half Say Goals Set During Review Not Relevant a Year Later --

-- Nearly a Third Say Reviews Have No Impact or Negative Impact on Performance --

LOS ANGELES--(BUSINESS WIRE)--Nov. 29, 2018-- A new survey of professionals by Korn Ferry (NYSE: KFY) shows that while significant amounts of time and energy are spent on annual performance reviews, they should not be relied upon as the key way to measure employee effectiveness.

The vast majority of professionals surveyed (87 percent) say they have an annual performance review with their boss, and nearly a third (29 percent) say they spend seven or more hours preparing for the review.

However, nearly all (96 percent) say real-time feedback and ongoing performance discussions with their bosses are more effective than an annual review, and nearly half (46 percent) say that the goals they set in their reviews are no longer applicable a year later when they sit down to measure performance.

“Organizations realize that managing business performance is a very dynamic process, so having a once-per-year meeting that hopes to both evaluate and improve performance is a tall ask,” said Korn Ferry Senior Client Partner Katie Lemaire. “It is still critical that employees receive regular feedback to understand how they can continually improve.”

Nearly a third (30 percent) of respondents say annual reviews have no impact or a negative impact on their performance, and 43 percent say reviews had no impact or were unhelpful at helping them understand what to do more of or differently to improve future performance.

While respondents indicate they prefer ongoing feedback to annual reviews alone, they did offer some positive thoughts on portions of the annual review process. Ninety-two percent say 360 feedback from bosses, colleagues, direct reports and clients is useful, with 48 percent saying 360 reviews are extremely useful.

More than two-thirds (68 percent) say they look forward to their annual reviews, and 71 percent say it is fair to base annual compensation increases on the result of the annual review.

“When approached effectively, an annual review can be a positive tool in helping increase performance, but it shouldn’t be the only way success is measured,” said Lemaire. “Regular feedback can help employees course correct in real time and can help them adjust as business needs change.”

**About the Survey** – The Korn Ferry survey was conducted in November 2018 and garnered 2,151 responses. Due to rounding, percentages may not equal 100.

### Survey Responses:

#### Do you have an annual performance review with your boss?

Yes	87 percent
No	13 percent

#### How effective is a performance review at improving your professional performance?

Very effective	23 percent
Somewhat effective	47 percent
No impact	20 percent
Somewhat ineffective	6 percent
Very ineffective	4 percent

#### Do you agree that all of the goals you established during your annual performance review are still relevant a year later when you analyze your progress?

Yes	54 percent
No	46 percent

#### Do you believe it is fair to base annual compensation increases on the results of your annual review?

Yes	71 percent
No	29 percent

#### Do you think performance reviews should be conducted just once a year?

Yes	16 percent
No	84 percent

**What's more effective, an annual review or real-time feedback and periodic performance discussions with your boss?**

Annual review	4 percent
Real-time feedback/periodic performance discussions	96 percent

**How useful is 360 review feedback (reviews from your peers, direct reports, clients, etc.)?**

Extremely useful	48 percent
Somewhat useful	44 percent
No impact	2 percent
Somewhat unhelpful	3 percent
Not helpful at all	3 percent

**How useful is a performance review in helping you understand what to do more of, or differently, to improve your future performance?**

Extremely useful	30 percent
Somewhat useful	27 percent
No impact	17 percent
Somewhat unhelpful	14 percent
Not helpful at all	12 percent

**Do you look forward to your performance reviews?**

Yes	68 percent
No	32 percent

**Taking into account the following steps: developing goals, reviewing them with your manager, and finalizing them, approximately how many hours do you spend on goal setting each year?**

Less than an hour	12 percent
1-3 hours	30 percent
4-6 hours	29 percent
More than 7 hours	29 percent

**About Korn Ferry**

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

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