

The True Cost of Not Having a Talent Management Strategy Series: *Performance*



Are you leaving money on the table?

You are if you're treating performance management as a standalone process. Performance management works hand-in-hand with every other phase of the employee lifecycle: learning, succession, and even recruiting, as existing performance competencies of star performers can help you define criteria for new employees.

Creating a true performance management culture also drives engagement, retention, and profits. Case in point: in a Harvard Business School study, organizations without a performance management culture increased net income by only 1% over 11 years. Those with one saw a 756% increase over the same time period.

So how do you convince your organization it's wise to invest in a true performance management strategy? *With the numbers.*

Here are three facts to help you make the case for creating a true performance management culture:



Organizations without a performance management strategy waste up to 34 days each year dealing with underperformers. Managers spend 13% of their time managing those poor performers and 14% correcting their mistakes.¹

The Smart Alternative: Stop hiring the bad apples by using performance standards to better inform recruiting and find candidates who are truly the right fit for both the job and the workplace culture. Create competencies based on existing high performers to establish a baseline for new hires.



High performers only compose 5% of your workforce but produce 26% of your output. Replacing them is incredibly expensive, to the tune of up to 3.5 times their salary.

The Smart Alternative: Measure performance more than once a year to identify top performers, and then work to retain them by offering engaging development, career planning, and succession options.



Studies show frequent reviews are a key factor in engagement and retention: 43% of highly engaged employees receive feedback at least once a week.² Yet many organizations still do only the cursory once-a-year review—or sometimes pass over it altogether. Most employees (71%) prefer to get feedback as soon as possible; only 17% preferred quarterly or annual feedback.³

The Smart Alternative: More frequent reviews—once a week or once a month—help employees feel engaged *and* allow for quick course correction. Make reviews more meaningful by allowing for 360-degree feedback and assigning learning to improve skills or move employees along their chosen career path.

The cost of not investing in true talent management is high, higher than you may think. Without a true talent management strategy—one that unifies recruiting, onboarding, learning, performance, and succession—your company is actually *losing* money.

To discover how to start building your talent management strategy, download the ebook [Why Your Nonexistent Talent Management Strategy is Costing You Money – And How to Fix It](#) now!

Cornerstone OnDemand is a leader in cloud-based applications for talent management. Our solutions help organizations recruit, train, manage, and connect their employees, empowering their people and increasing workforce productivity. To learn more, visit csod.com.

1 John Skabelund. "Boost Your Bottom Line with Better People Management." Reliable Plant. Accessed at <http://www.reliableplant.com/Read/198/bottom-line-management>.

2 Fermin, Jeff. "10 Shocking Stats About Employee Engagement." OfficeVibe.com. Date published: Jan. 28, 2014. Date accessed: March 10, 2014. <https://basecamp.com/1979130/projects/1145794/todos/171781694>.

3 Darcy Jacobsen. "Infographic: The Startling Truth about Performance Reviews." Globoforce. August 28, 2013. Accessed on September 22, 2014, at http://www.globoforce.com/g_log/2013/infographic-the-startling-truth-about-performance-reviews.