



WHITE PAPER

# How to Start a Feedback Revolution

Four Steps for Cultivating an  
Organization-Wide Growth Mindset

March 2016

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# EXECUTIVE SUMMARY

## Feedback is a gift.

How quickly do you think your employees could improve if they received continuous input from their peers? How much more engaged would they be if they could see how your leaders listen to their opinions?

Let's look at Carlos Alvarez, a brand manager and recent MBA hire at Acme Corporation. Acme has cultivated a feedback culture, which guides how top leaders interact with the organization and permeates its HR practices. Today, Carlos has a wealth of opportunities to give and receive quick, informal, real-time feedback:

- His day starts with a request from his unit leader, asking him to provide feedback on her leadership skills and strategic vision. His input will shape her curriculum in Acme's leadership development program.
- Next, Carlos receives feedback from several peers about a plan he put together to respond to a competitor's new campaign.
- Carlos has a weekly one-on-one meeting with his manager in which they review this feedback along with some other input that Carlos wants to share. Together, Carlos and his manager decide on some new responsibilities that will help Carlos develop.
- After a meeting with one of his key vendors, Carlos requests feedback from the account manager. The vendor mentions that Carlos could be more knowledgeable about a specific compliance topic. Carlos quickly finds an Acme video about that topic and watches it while he eats lunch.
- Toward the end of the day, Acme's CEO sends out a pulse survey. Carlos completes it from his mobile phone while he is on the train. This is an opportunity for Carlos to express his general satisfaction but also to point out an area of the business where he thinks Acme could invest more.

Rather than adding a layer of bureaucracy or facilitating rewards and punishments, this type of feedback fosters a **growth mindset** throughout the organization. Research on thousands of leaders demonstrates direct relationships<sup>1</sup> between both:

- Leaders' ability to give honest feedback and engagement levels among their subordinates.
- Leaders' attitudes about asking for feedback and their effectiveness as leaders.

Unfortunately, existing HR processes tend to deliver too little honest feedback, too late. **People don't get enough insight at times when it would actually help them improve, and they have too few opportunities to be heard.**

**When evolution isn't moving the needle, you need a revolution.** In this white paper, we'll discuss why the new world of work demands a feedback revolution and provide four steps you can take to cultivate your own feedback culture.

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<sup>1</sup> [Joe Folkman, Forbes.com, The Best Gift Leaders Can Give: Honest Feedback](#)

# ORGANIZATIONS ARE LIVING IN A NEW WORLD OF WORK

Over the last two decades, there has been plenty of hype about how technology will change the way people communicate and get work done. Not every technology has lived up to its promise, and consumers proved to be much faster to embrace change than businesses. But after many ups and downs, a new world of work has emerged.

## Work Has Changed

Today's organizations need to operate at an ever-increasing pace and effectively support their workforces that are navigating new terrain:

- **Disruption as "the new normal":** New entrants are changing market dynamics every day and forcing older organizations to quickly reinvent business models and re-tool workforces.
- **Business networks:** More people's jobs depend on collaboration inside and outside the organization.
- **Globalization:** Work requires coordination of virtual teams that often span borders and time zones.
- **Technological innovation:** Mobile and digital technologies are changing how and when we work.
- **Consumerization of IT:** Employees are bringing their consumer-grade mobile apps to work with them, and they are expecting the same type of experiences from the tools they use at work.

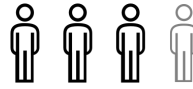
## The Workforce Has Changed

Your employees are the face of your company, so they truly are your brand. And that brand is taking on a younger, more international look.

Millennials now represent more than 50 percent of the U.S. workforce, and their impact is still on the rise.



50% of workers are in the Millennial generation




In 2025 Millennials will represent 75% of the workforce

There's a lot of research showing how this generation differs from its predecessors.

For starters, they want:

- **Meaningful work:** They're not committing to their organizations just for monetary rewards or to get ahead.
- **Clear career evolution within an organization:** While few organizations offer the single career ladder of previous generations, Millennial employees expect to see a path forward and to have visibility into the skills they'll need to land their dream jobs. 65 percent of Millennials cite "the opportunity for personal development" as the first criterion of their decision to accept a job offer.<sup>2</sup>

<sup>2</sup> PWC, Millennials at Work: Reshaping the Workplace

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- **Portable skills:** Only 18 percent of Millennials expect to stay with their current employer for the long term,<sup>3</sup> but they want to build valuable skills that will serve them well no matter where they work. Increasingly, they want to build skills with bite-size content they access on the fly, like YouTube videos.
  - **Feedback, feedback, and more feedback:** Employees know that constructive feedback will help them progress in their careers. In fact, 57 percent say they prefer corrective feedback over praise/recognition,<sup>4</sup> and just 1 percent of them say that feedback is not important to them.<sup>5</sup> Millennials would like to see their boss as a coach who gives them continuous feedback and supports them in their personal development.
  - **Transparency:** In a market where candidates regularly use sites like Glassdoor and LinkedIn when deciding where to work, organizations can't wall off their cultures from the outside world.

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<sup>3</sup> [PWC, Millennials at Work: Reshaping the Workplace](#)

<sup>4</sup> [Zenger/Folkman research, HBR, Your employees want the negative feedback you hate to give](#)

<sup>5</sup> [PWC, Millennials at Work: Reshaping the Workplace](#)

# THE NEW WORLD BREAKS OLD HR PROCESSES

With all of this change, it's not surprising that HR organizations are struggling to keep pace. At the same time they must deal with talent shortages, they are coming to grips with growing evidence that the old models for people management aren't actually helping their people perform better.

## Performance Management Is Broken

Staying competitive demands a lot of organizational agility, but too many performance management processes have been evolving in the opposite direction. CEB estimates that the average manager now spends more than 200 hours a year on activities related to performance reviews and that a company of about 10,000 employees spends a whopping \$35 million a year to conduct reviews.<sup>6</sup>

*Just 10 percent of HR managers believe that performance management is a good use of time.*

Deloitte 2015 Global Human Capital Trends survey

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<sup>6</sup> [PRNewsWire, Faulty Performance Review Processes Cost as Much as 35M\\$ Annually](#)



**Is that time well spent?** Most people don't think so:

- Just 56 percent of HR managers believe that performance management positively affects employee engagement and performance.<sup>7</sup>
- 63 percent of employees believe that performance reviews are not a true indicator of their performance and are not motivated to work harder.
- 40 percent of employees complain that current reviews represent a single point of view.<sup>8</sup>

Organizations like Accenture, Adobe, Deloitte, GE, Juniper Networks, and Microsoft have decided that enough is enough. These companies have significantly changed or eliminated performance reviews in favor of more continuous coaching models, in which managers give feedback on a regular basis for the sole purpose of improving performance – not allocating raises or steering people out of the organization.

## Leadership Gaps Loom

Leadership development has been a hot topic for a number of years as HR leaders watched the Baby Boomers approach retirement age. Yet few organizations believe that they are ready. In Deloitte's Global Human Capital Trends research, 50 percent of HR practitioners rated leadership shortfalls as "very important," but only 6 percent believe their leadership pipeline is very ready.<sup>9</sup>

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<sup>7</sup> [Deloitte, Global Human Capital Trends 2015](#)

<sup>8</sup> Moodtracker, 2013

<sup>9</sup> [Deloitte, Global Human Capital Trends 2015](#)

## Traditional Corporate Training Misses the Mark

Learning and development organizations are working hard to keep up with market changes and technology innovations, but the reality is that usage remains low. Gartner recently reported that the use of employee and manager self-service averages only around 19 percent across all talent management applications.<sup>10</sup> *In other words, more than 80 percent of the workforce is getting no benefit from what often amounts to millions of dollars of content investments.*

## Employee Engagement Isn't Budgeting

Furthermore, current HR practices are not having a meaningful impact on employee engagement. The November 2015 Gallup report showed that only 32.1 percent of U.S. employees are engaged in their jobs, up from 30.3 percent in 2013.<sup>11</sup> At this 1.5 percent compound annual growth rate, we might reach 50 percent employee engagement in 2046!

*Gallup data shows that only 32.1 percent of U.S. employees are engaged in their jobs and just 13 percent of employees worldwide*

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<sup>10</sup> [Gartner Magic Quadrant for Talent Management Suites, 10 August 2015, Y. Cameron, J. Freyermuth, R. Hanscome, H. Poitevin](#)

<sup>11</sup> [Gallup US Employee Engagement November 2015](#)

# IT'S TIME FOR A FEEDBACK REVOLUTION

There's one common thread across all of the challenges described above: **People don't get enough feedback at times when it would actually help them improve, and they have too few opportunities to be heard.**

Many HR organizations have tried to tinker with these existing processes to make them more frequent or more efficient, but they still operate much as they did 40 years ago. **Meaningful change demands a drastically different approach.**

## Feedback Is a Gift

Traditional HR treats feedback as a tool for doling out rewards and punishments. But **honest feedback is a gift.** It's a way for employees to help their peers and their organization get better. Research shows that the vast majority of employees are willing to give honest feedback if you ask them to do so. But feedback as a gift is a shift in thinking for many employees and for HR.

## A Feedback Revolution Requires Cultural Shift

In order for this new mindset to take hold, the organization needs to make a **cultural shift.** Top leadership and HR need to create an atmosphere where people at all levels of the organization expect to get continuous 360-degree feedback and give it to their peers, leaders, and the organization itself.

## Feedback Promotes a Growth Mindset

It's worth noting that a feedback mindset is a step toward another important goal for many organizations: **creating a growth mindset.**

A growth mindset is the view that:

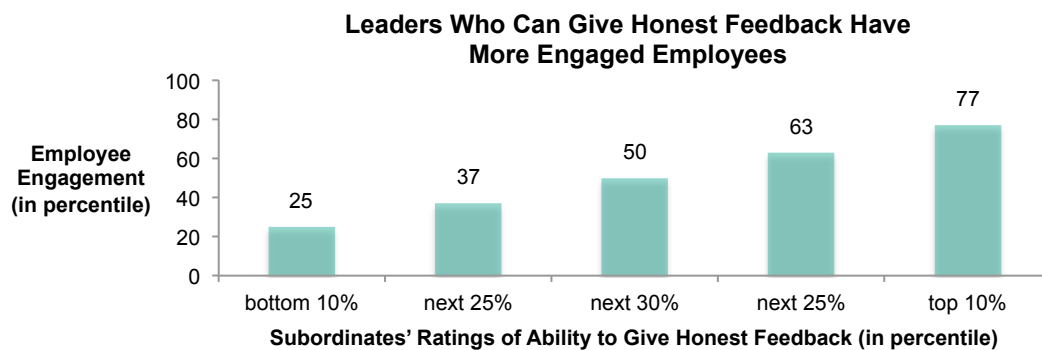
- Talent and aptitudes come from a desire to improve, hard work, and learning.
- Potential is not fixed.
- Everyone can improve.

*"The best employees are also the ones who request and provide feedback the most. Feedback helps them to learn even more and accelerate their personal development."*

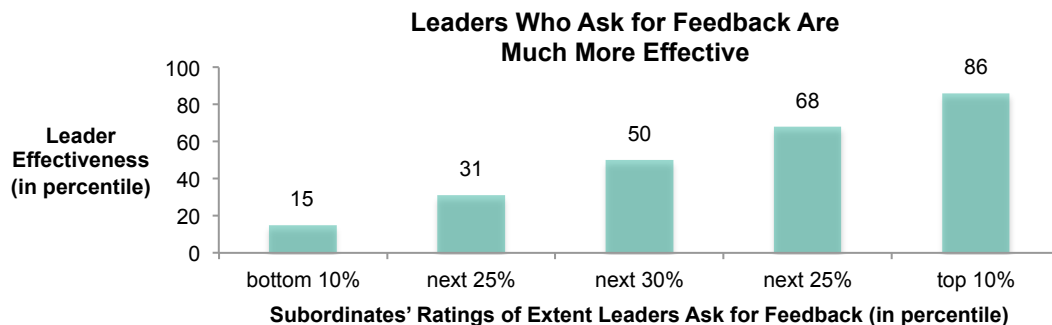
Edouard de La Moissonnière Partner, Turningpoint

## Feedback Fosters Employee Engagement and Leadership Excellence

This new approach to feedback can make a real difference in your employees' engagement – and thus to your bottom line. In some recent studies, Joe Folkman<sup>12</sup> demonstrated a direct correlation between leaders' ability to give honest feedback and engagement among those leaders' subordinates.



Similarly, he showed that leaders who are looking for opportunities to get feedback are the ones whose subordinates consider them to be more effective leaders.



<sup>12</sup> Joe Folkman, Forbes.com, [The Best Gift Leaders Can Give: Honest Feedback](#)

## A Feedback Revolution Gives Power to the People

In the traditional talent management world, **HR has “owned” feedback**, whether it’s performance review data of 360-degree assessments. HR has complete visibility into what every rater says, whether the feedback is good or bad. The employees know how they have been rated, but for the most part they have zero control over the consequences: raises, bonuses, promotion opportunities, or stretch assignments.

The high stakes for traditional feedback doesn’t just affect the person receiving feedback; it also has an impact on feedback providers. That is, they are inclined to be less honest than they would if they were only giving feedback to help someone get better. In fact, the average ratings given in 360s are higher when evaluators know that their ratings have big consequences for the person they are assessing.

In a feedback culture, the purpose of feedback is improvement, not the allocation of rewards and punishments. **The most important quality of feedback is for it to be honest. And feedback providers are much more likely to give honest feedback if they know that it is personal to the individual to whom they are giving it.** If feedback is private, sending negative feedback to someone will have no consequence on his or her career or manager’s opinion. On the other hand, “sanitized” public feedback does not help someone understand where he or she can grow.

Some HR professionals may raise concerns about giving up ownership of feedback data. They ask, “Won’t employees just share the best results?” In traditional performance management, organizations found that all of their work in controlling feedback data did little to actually improve performance. That’s why companies like GE have abandoned these processes. And it’s why a feedback revolution takes a radically different approach.

# FOUR STEPS TO START YOUR FEEDBACK REVOLUTION

So how do you get started? A feedback revolution requires new technology that brings continuous feedback into everyone's daily work activities. This technology needs to be user-friendly, pervasive, and mobile. However, the most important ingredient in a feedback revolution is culture change. At Flashbrand, we have discovered four steps that will help your feedback culture take hold.

## Step One: Start with Your Top Leadership

A feedback revolution must start at the top because it requires people to trust one another and believe that feedback is a gift. Give people across the organization a way to share their views about the organization and its strategy. Let them give the CEO feedback on how he or she is doing. When executives ask for feedback and show that they want to listen and improve, others will follow. It is even better if the CEO and management team are transparent about the feedback they receive and use it to openly discuss what they are doing to improve.

### Four Ways That CEOs Can Ask for Feedback

1. "Pulse" surveys
2. As a follow-up to company meetings
3. In conjunction with communicating about strategic initiatives
4. Virtual "open door" initiatives

## Step Two: Extend into Leadership Development and Executive Coaching

Leadership development and executive coaching programs touch both current and future leaders, so they're the next logical place to start promoting continuous feedback. These key individuals will get first-hand experience with the value of continuous, honest feedback and will start to find ways to bring it into other parts of their work.

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2.2x 

Companies that are the strongest in leadership and talent management increase their revenue 2.2 times faster than "talent laggards"

1.5x 

Companies that are the strongest in leadership and talent management increase their profit 1.5 times faster than "talent laggards"

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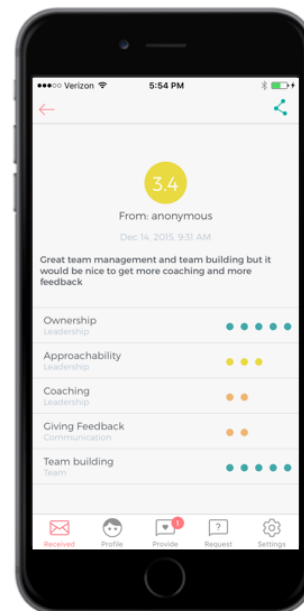
<sup>13</sup> [BCG, The Global Leadership and Talent Index](#)



## Step Three: Inspire a Coaching Environment Among First-Line Managers

A lot of HR organizations are talking about the importance of teaching their managers to be coaches. But too often, managers don't know how to start these conversations in a neutral way. When performance discussions sound like the manager's subjective opinion, employees tune out.

Wouldn't be easier if managers could start with, "What feedback did your peers give you this week? What can I do to help you get better?" Managers will face less resistance if they have access to objective data that came from the employees themselves. After all, helping people overcome their limitations to become more successful at work is at the heart of effective management.



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## Step Four: Actively Encourage Career Development

Peer feedback is a really tangible way to show employees where they need to grow in order to take the next steps on their career. By tying feedback that belongs to employees with opportunities to learn and close skill gaps, you can actively encourage employees to develop their own careers. And an employee who is growing is one who is more likely to be engaged in his or her job and committed to your organization.

# WELCOME TO THE FEEDBACK CULTURE

## A Single Feedback Hub Fosters a Feedback Culture

By making all types of feedback available in a single feedback hub, employees, managers, and HR gain more actionable data than they would if every feedback initiative delivers data to a separate silo, the traditional model for performance reviews and multi-rater assessments. For example, *ad hoc* peer feedback and 360s from leadership development or executive coaching engagements should all measure the same skills. It's much easier to drive consistency from one system. And by looking at the combined data, employees have a much clearer picture of how to improve.

In addition, a single mobile application serving all feedback initiatives is key to user adoption. People are more likely to embrace something they can learn once and use everywhere, especially when it's always sitting in their pocket or by their side. The end result is consistency, transparency, and efficiency for both employees and HR.

## Spark Your Own Revolution Today

The successful organizations of the future will be the ones with a corporate-wide growth mindset, giving them the flexibility and agility to react to change and move in new directions. It's time to transform your corporate culture for the new world of work. Continuous, honest feedback is critical to developing a culture that's open-minded, transparent, people-centered, connected, and fast-paced.

By sparking a feedback revolution, your leadership team will:

- Shape a workforce that performs better and embraces change and learns and evolves quickly.
- Better develop all of your talent, not just a few people. After all, everyone is "top talent."
- Increase employee engagement by giving people control over their development and their careers.
- Make better strategic decisions with better paths of communication
- Simplify HR for everyone.

It's time to get started.

"Never before have I seen a shift in HR as large as the shift we are about to embark on in the next 5 to 10 years. Everything we know about our HR business is changing. We must all evolve. We must think differently. We must act differently... The time for change is now...

You can respond to change by accelerating talent, leadership, and igniting a love of learning"

Brigette McInnis-Day, EVP Human Resources, SAP

## About Flashbrand

**Flashbrand** is a real-time employee feedback solution that sits at the heart of your feedback culture. It simplifies HR and inspires a growth mindset by empowering all employees to continuously share their views and take ownership of their performance and development. With Flashbrand, employees have a simple way to get continuous feedback and give it to peers, leaders, and the organization. They gain trusted insights and coaching on how to get better faster. Your organization can transform itself to meet the demands of a new world of work. Flashbrand is a certified member of the SAP Startup Focus program.

Visit Flashbrand at [www.flashbrand.me](http://www.flashbrand.me).

Contact us at [contact@flashbrand.me](mailto:contact@flashbrand.me)