Why You Might Want to Say Goodbye to the Annual Performance Review | Working Knowledge

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Executive Summary

This article addresses the declining effectiveness of the annual performance review and examines an agile alternative implemented by Progress Software. Harvard Business School Professor Katherine Coffman, along with coauthors Hannah Riley Bowles and Alexis Lefort, argue that traditional annual reviews are inadequate for modern talent retention, particularly in high-turnover sectors like technology. The article draws on a two-part HBS case study — Making Progress at Progress Software (A) and (B) — to illustrate how Progress Software replaced its annual review cycle with a quarterly dialogue system called Amplify, which included manager-completed 'snapshots' and employee-completed 'pulse checks,' alongside a formal leveling structure and promotion committee. Key findings include improved retention and job satisfaction among program participants, persistent equity gaps by gender and geography, and low voluntary participation rates — with over half of snapshot questionnaires abandoned. The article concludes that frequent, forward-looking career conversations, clear advancement criteria, and diverse promotion committees are associated with stronger employee engagement, while ambiguity in career pathing is identified as a primary driver of voluntary turnover.

Key Insights

1. Annual performance reviews, standardised since the 1970s, are increasingly misaligned with employee mobility patterns and less quantifiable modern skill sets, prompting a shift toward more frequent, project-linked evaluations in the mid-2010s.

2. Progress Software's Amplify program demonstrated that quarterly career conversations — even when voluntary — were associated with improved employee retention and job satisfaction, though low participation rates (over half of manager snapshots abandoned) limited the program's reach.

3. Equity gaps persisted despite the new system: women remained under-represented in technical and managerial roles, and employees in geographically distant offices faced greater advancement barriers, highlighting that process redesign alone does not resolve structural inequities.

Practical Takeaways

- Progress Software's experience illustrates that defining multiple career advancement paths — including non-managerial technical tracks — can expand the pool of employees who perceive viable futures within the organisation.

- The case highlights that voluntary participation norms, without institutional reinforcement, lead to uneven adoption of new performance processes, suggesting that program design needs to account for participation incentives and manager accountability mechanisms.

Critical Analysis

Strengths: The article is grounded in a formal HBS case study authored by named faculty with disclosed consulting involvement, lending academic credibility. It presents both positive outcomes and unresolved limitations — equity gaps and low participation — rather than presenting an uncritical success narrative. Limitations: The evidence base is a single company case study, which constrains generalisability. Quantitative outcomes are characterised qualitatively ('improved retention and job satisfaction') without specific effect sizes or comparator data. The article does not report on control groups, pre/post statistical comparisons, or duration of sustained improvement. Bias: One coauthor (Bowles) served as a consultant to Progress Software during the program's development, creating a potential conflict of interest that is disclosed but not fully interrogated. The framing throughout the article is broadly favourable toward agile review models, and critical perspectives on such systems — including implementation costs, manager burden, or cases where frequent reviews have failed — are absent.

Organizational Practice

Progress Software replaced its annual performance review with a voluntary quarterly dialogue program called Amplify (introduced in 2015), consisting of manager-completed 'snapshot' questionnaires and employee-completed 'pulse check' questionnaires. The company also introduced a leveling structure defining role tiers and advancement criteria, and established a promotion committee to more systematically track employee progress. The program aimed to support career development, surface retention risks, and increase gender representation in technical and managerial roles. Participation was encouraged but not mandated, resulting in significant variation in adoption across the organisation.

Strategic Implications

The article's findings point toward a broader industry trend away from periodic, rating-based evaluations toward continuous, dialogue-driven performance processes — a pattern that accelerated among large technology companies in the mid-2010s. The equity and participation gaps documented at Progress Software indicate that process redesign alone does not automatically produce equitable outcomes, raising questions about the structural and cultural conditions required for agile performance systems to function as intended. The persistence of geographic and gender disparities also suggests that decentralised multinational organisations face amplified implementation challenges when rolling out uniform talent management programs. Rising voluntary turnover rates — remaining above pre-pandemic levels per US Bureau of Labor Statistics data — create ongoing pressure on organisations to differentiate their internal mobility and career development offerings.

Validation Status: passed
