



## Practical Tips to Take Performance Management to the Next Level

**SHRM** | Tuesday, December 16, 2014



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@MattStraz

# Introduction

- CEO/Founder, Namely
- 3x Entrepreneur
- Two boys, frequent spectator of youth soccer & hockey
- Firm believer in developing people



# What You'll Learn Today

- Why Performance Management Matters to your CEO
- Why Performance Management Often Fails
- The Right “Why” for Performance Management
- 8 Practical Tips to Improve Your Process
- How to Measure Your Impact

# What's the CEO's job?

- Set company vision
- Get company to achieve vision. To do so, you need:
  1. Talent: The right people
  2. Culture: Environment where people perform
  3. Values: Do it right way

**Performance Management essential to achieve vision.**

# Impact of Effective Performance Management



**22%**  
higher shareholder  
return from effective  
PM

Source: McKinsey



**\$20-40K**  
additional value per  
employee if use PM  
effectively

Source: Stanford



**300x**  
productivity of  
top vs average  
performers

Source: Google

What makes a good company?

Every person can wake up knowing that the work they do will be efficient, effective and make a difference both for the organization and themselves.



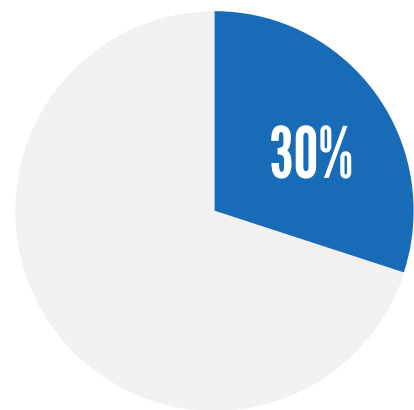
**Ben Horowitz,**  
Former CEO of Ops Ware



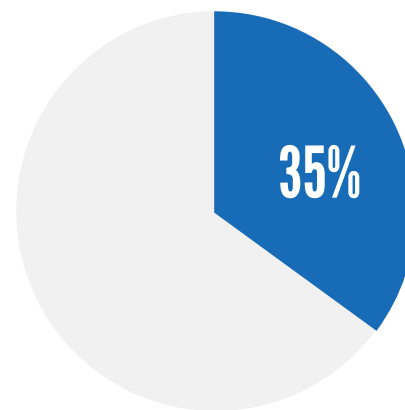
# Why Performance Management Often Fails

# State of Performance Management

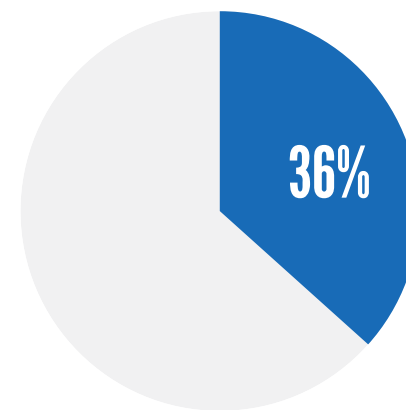
Employees say their company's performance management...



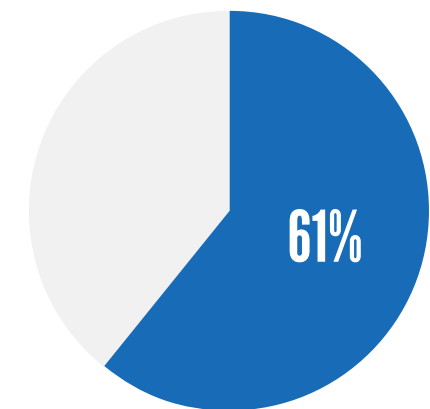
Helps improve my  
performance



Establishes  
clear goals



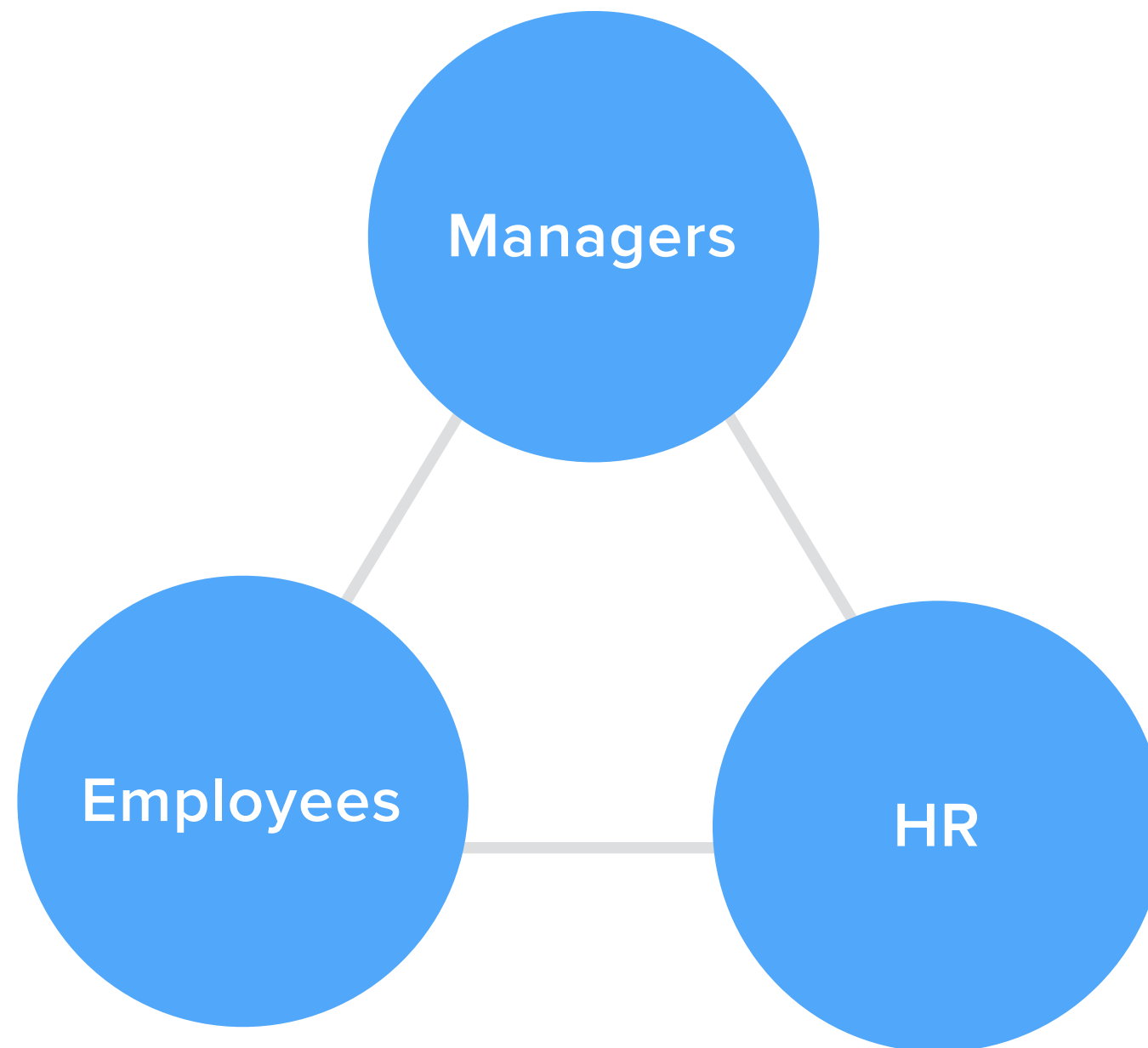
Gives honest  
feedback



Accurately  
evaluates me



# Performance Management: A Three-Legged Stool



Performance is the  
“Achilles Heel of HR Management”

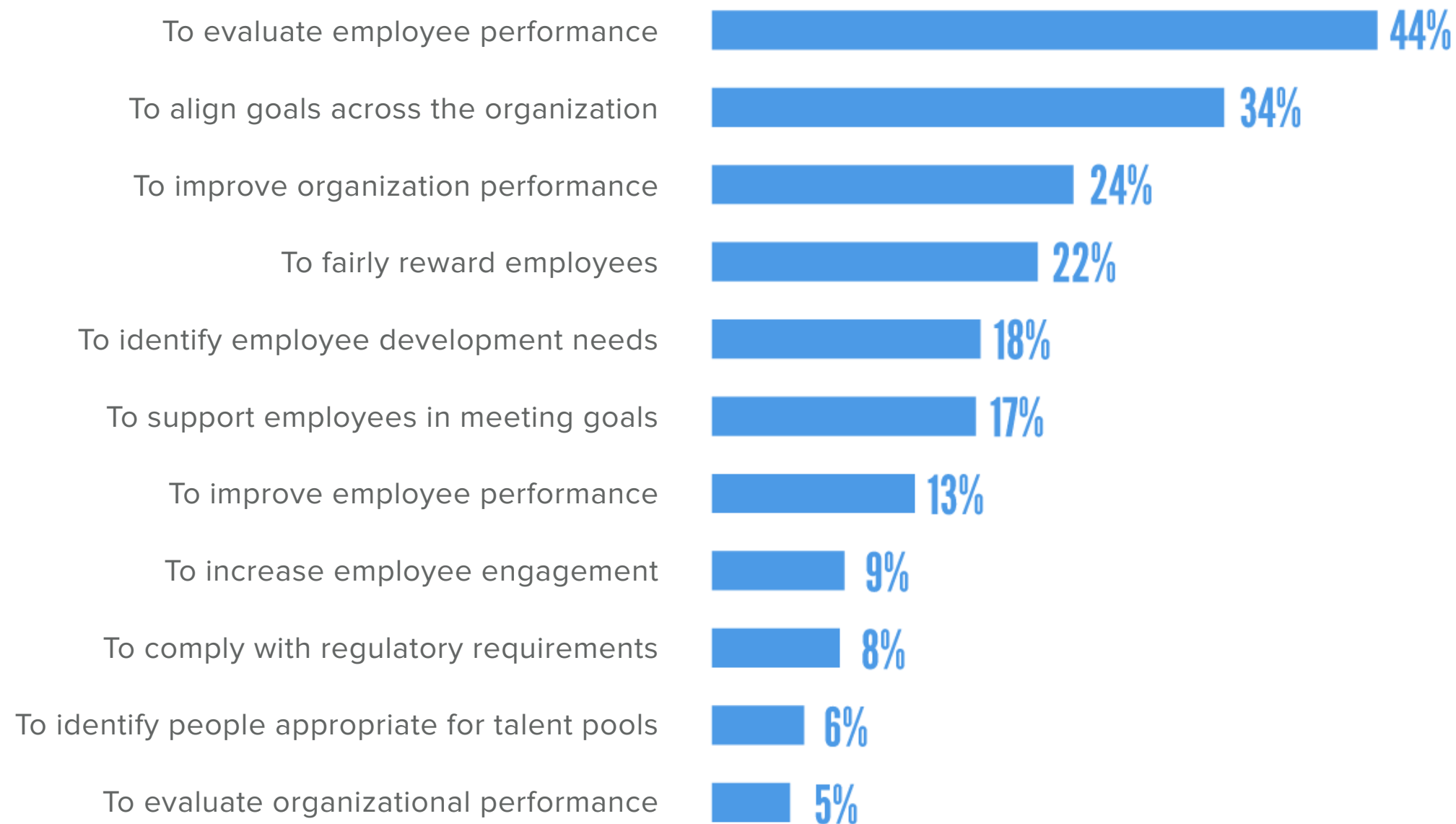


**Elaine D. Pulakos, Ph.D.,**  
EVP, Personnel Decisions Research Institute



# The Right “Why” for Performance Management

# Why does your organization do Performance Management?



# New Reality of Performance

Win by Developing more “Hyper Performers”

- Weak Performers
- Good Performers
- Hyper Performers



The Power-Law Distribution “Long Tail”



Practical Tip #1

Make your first “why”  
employee development.



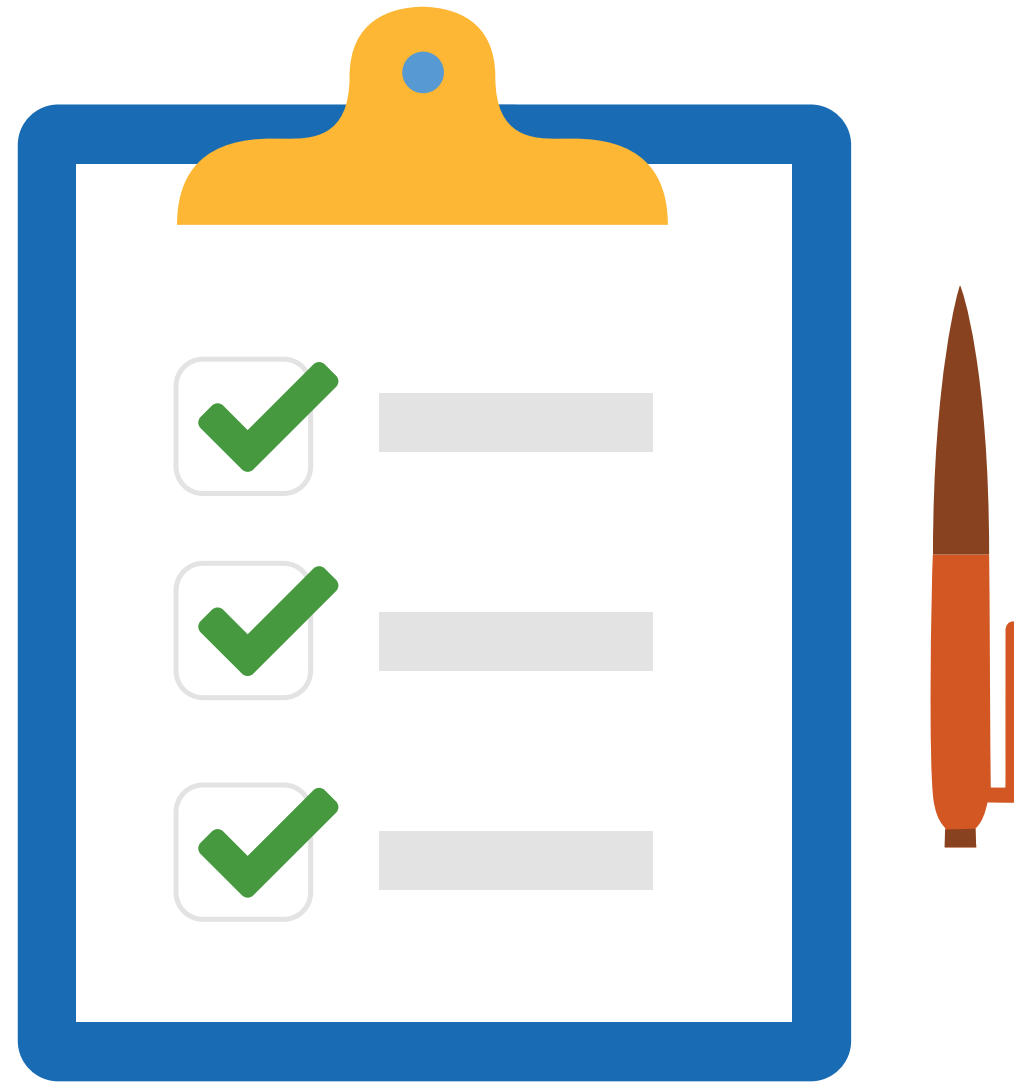
Feedback is a two way street



## Practical Tip #2

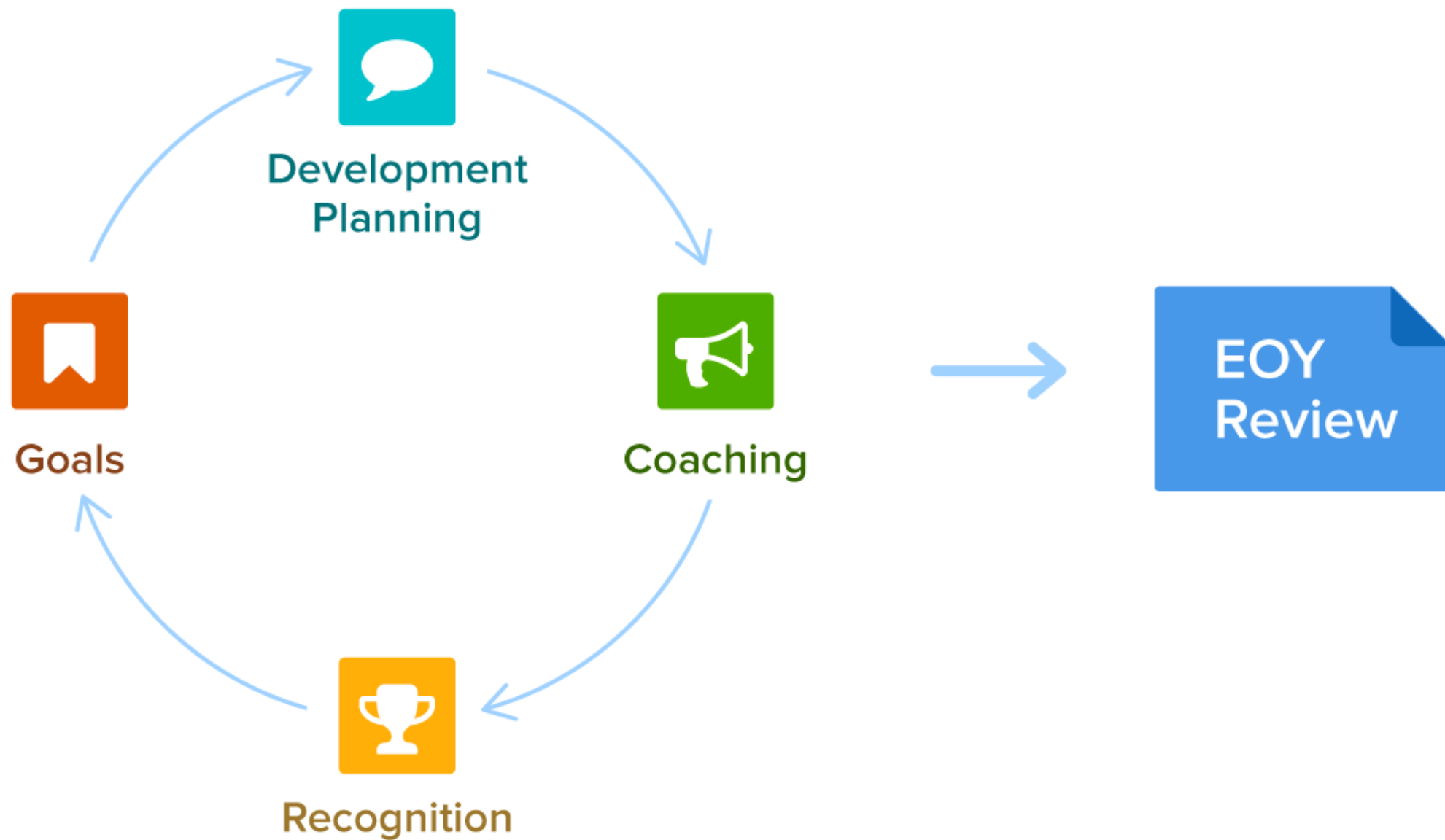
Develop a learning mindset in  
your company





The Process...and 6 More Tips

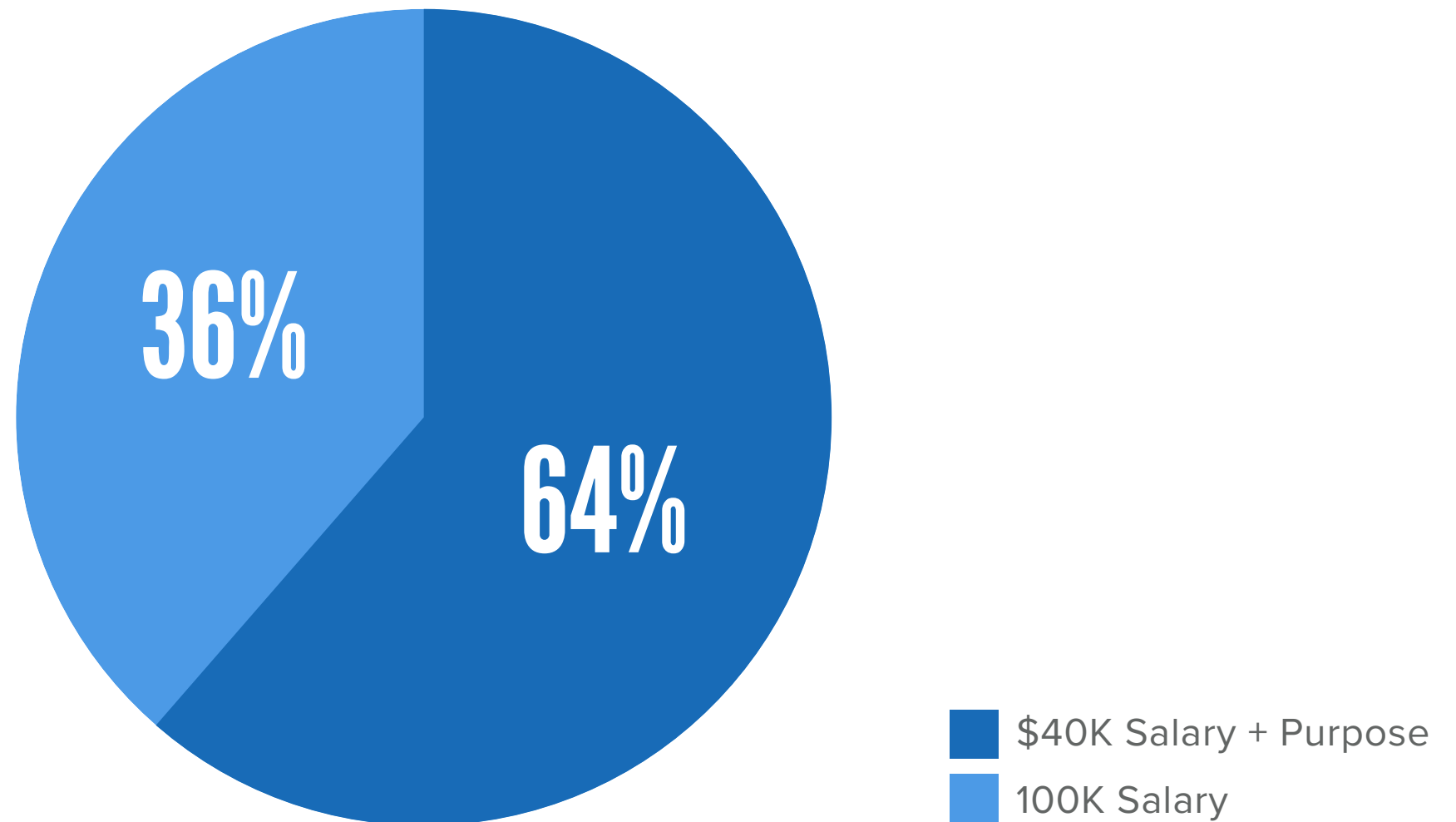
# An Effective Performance Process Includes:



## Goals

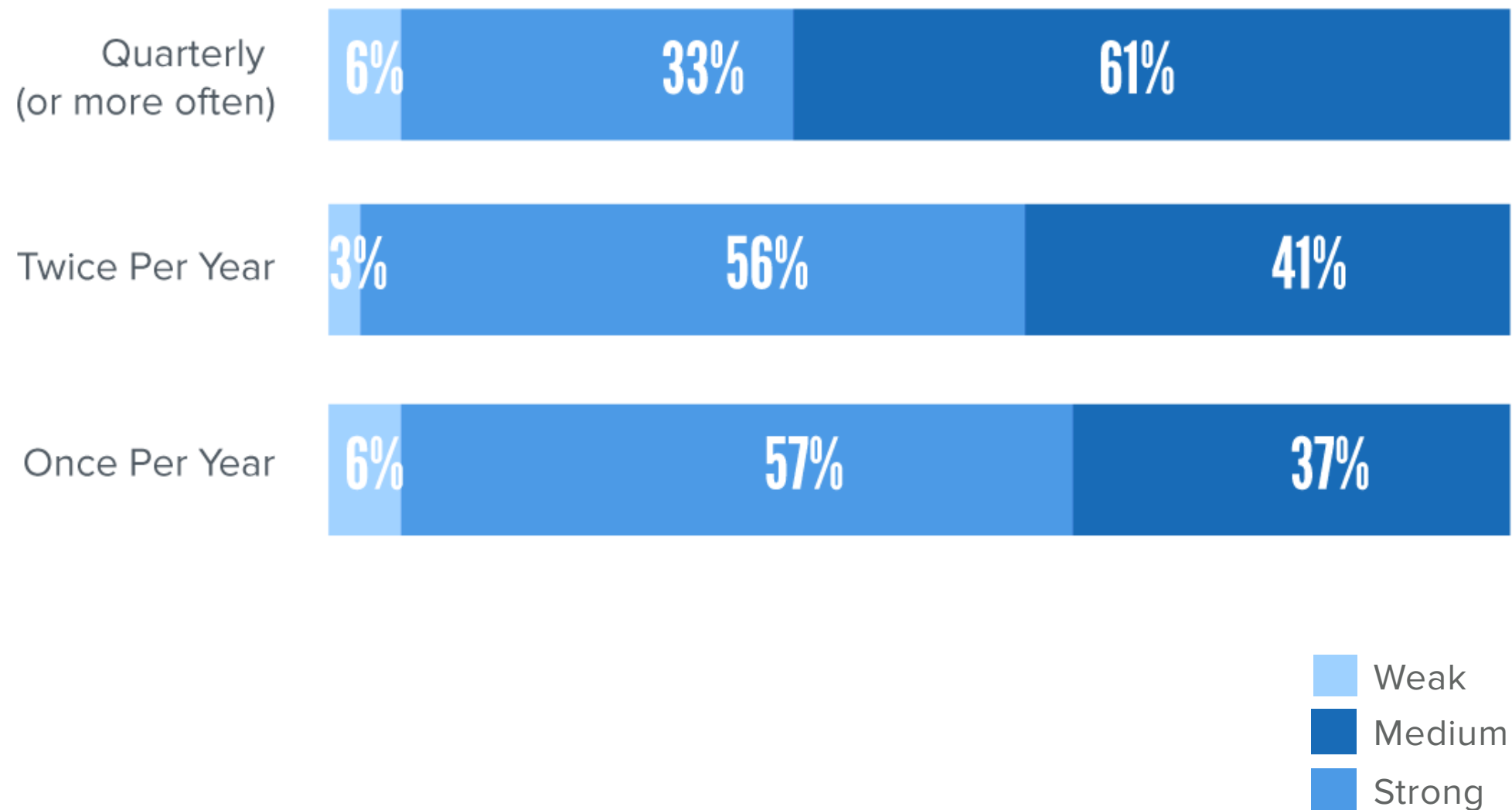
# Why do goals matter?

Millennials would rather have a job with purpose that pays \$40K than a job that pays \$100k



# Revisit Goals Functionality

Relationship between Goal Revision Frequency and Business Results





### Practical Tip #3

Update goals quarterly, and  
start with senior leadership

# Development Planning & “Tours of Duty”

The New “Employer-Employee Contract

- The employer says, “If you make us more valuable, we’ll make you more valuable.”
- The employee says, “If you help me grow and flourish, I’ll help the company grow and flourish.”

Yet only 25% employees have established career goals



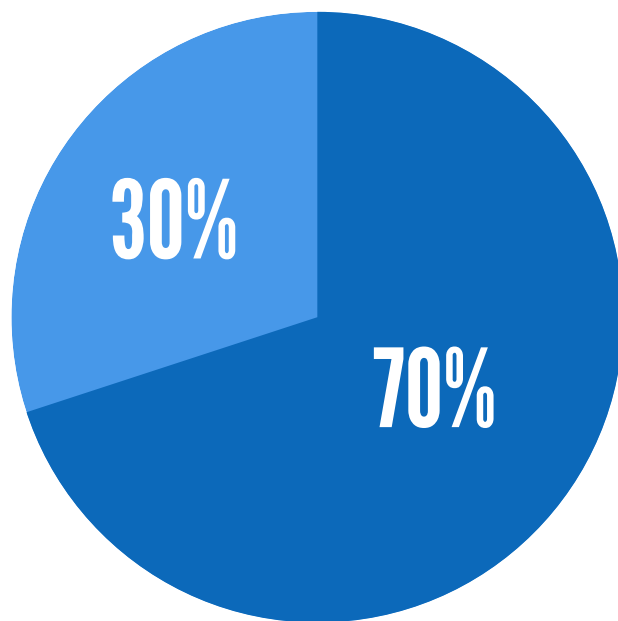


Practical Tip #4

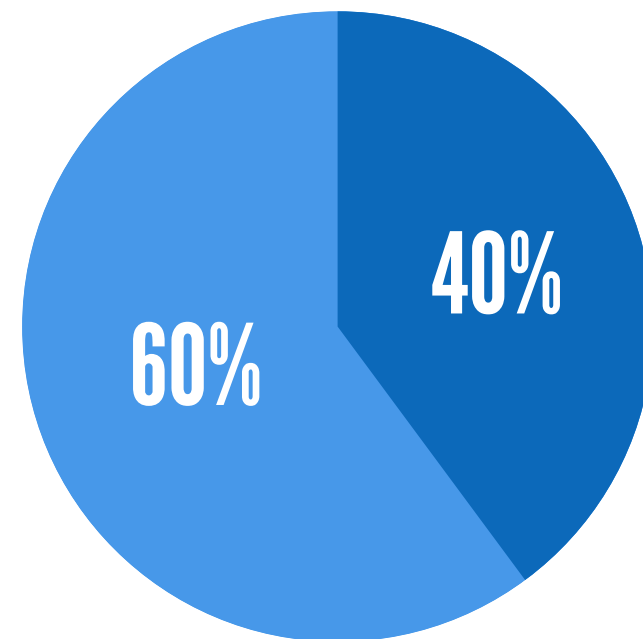
Encourage senior leaders to  
ask tough “people questions”  
of their direct reports



# Do development plans matter for the company?

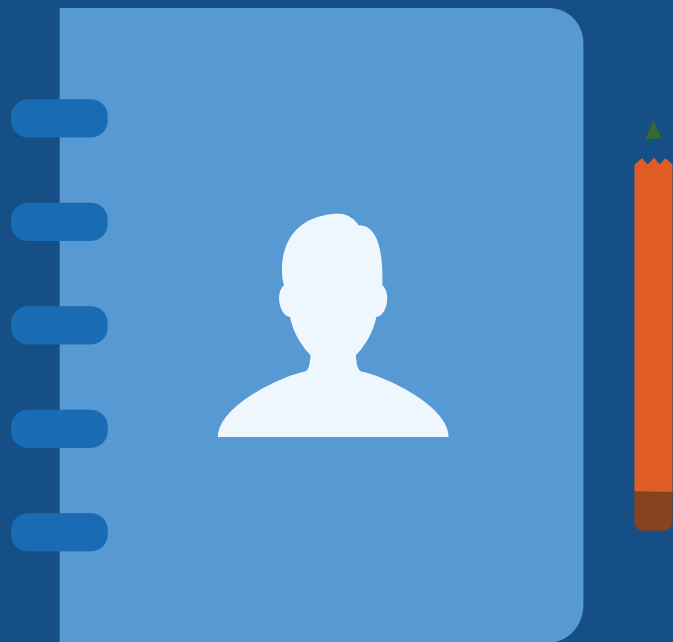


People learn 70% of their skills on the job rather than in formal training



Feedback is essential for learning, yet 60% of employees haven't gotten useful feedback in last 6 months





### Practical Tip #5

Train both managers and  
employees to give and receive  
feedback



# Rewards & Recognition: Four Components



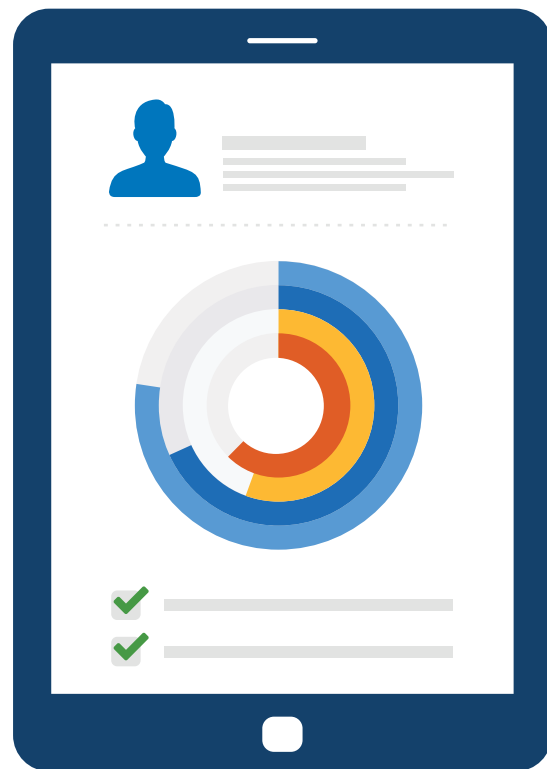
Genuine • Specific • Public • Timely



#### Practical Tip #6

Make recognition easy - use a system, available from desktop, tablet & mobile

# The Path to Better Formal Reviews

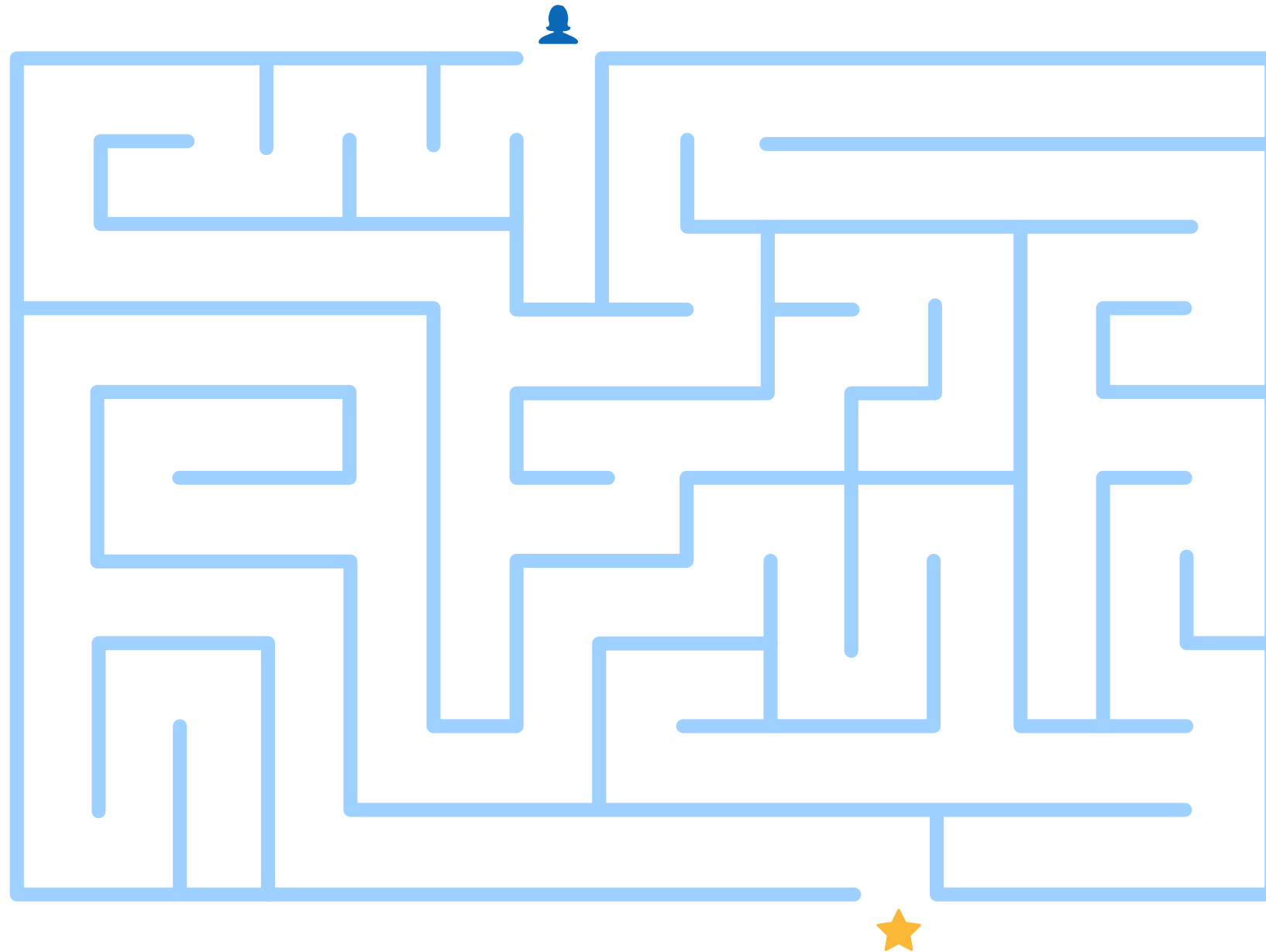


- **Simplify:** Pick a few competencies that matter, and a few questions
- **Standardize**
- **Include self-appraisal**
- **Automate**

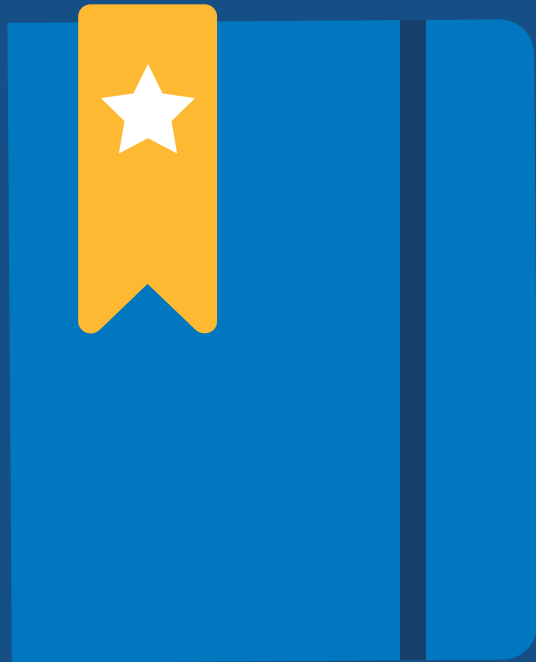


Practical Tip #7

Require in person meetings!  
HR is Human



Where do I start?



## Practical Tip #8

# Start with quarterly goal setting

Extra credit: Implement bi-weekly meetings between leadership and their direct reports



How to Measure Your Impact



# How to Measure Impact

## Process

### Training

- Feedback training completed by employees
- Feedback training completed by managers

### Process execution

- % goals set on time
- # of goals per employee
- % reviews completed / on time
- % career plans in place
- % individual development plans in place

### HR decisions

- Distribution of ratings
- # of promotions
- # of raises

## Results

### Talent

- % leadership roles promoted from within
- Retention of high performers
- Compensation of high performers vs average
- Number of high performers below market

### Goals & Skills

- % employees getting regular feedback
- % goals attained
- Progress on developing competencies

### Bottom line impact

- Net promoter score
- Revenue per employee
- Profit per employee

# 5 Big Takeaways

1. Your CEO cares about performance management
2. Doing it right requires HR, managers, and employees to work together
3. Before you tweak the process, make sure you've got the right "why"
4. Companies excel at performance when they first build a regular feedback culture
5. Show your value!



Thanks, and Stay in Touch!

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# Practical Tips Summary

1. Make your first “why” employee development
2. Develop a learning mindset in your company
3. Update goals quarterly
4. Encourage senior leaders to ask tough people questions of their direct reports
5. Train both managers and employees to give and receive feedback
6. Make recognition easy - use a simple, cross-platform system
7. Require in person meetings for formal reviews
8. If you don't know where to begin, try setting goals quarterly

# Problems managers say...and think

“I have to do everything 8 times, once for each report. When am I supposed to do my day job?”

“My employees know where they stand”

“The process keeps changing. I don’t even know what I’m supposed to do.”

I don’t know  
how to do it

It’s hard!

# Why Employees Dislike PM

“They just pull my rating out of thin air”

“I talk to my manager once per week. How are they going to give me real feedback?”

“They’ve already made up their mind, so what’s the point?”

It’s scary!