

e employee performance solutions

p s

*because your employees are your business*



Customizable Tools and Tactics for

**Reinventing Performance Management**

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Practice Leader

# Learning Objectives

## Part 1

**What Performance  
Management Should  
Achieve**

## Part 2

- **Differentiating Performance**
- **Ratings**
- **Pay**

# Learning Objectives

## **Part 3**

- Ideas and Tools for Aligning Performance Expectations
- Manager's Role and Readiness
- Your Organization's Framework

## **Part 4**

- Socialize and Influence
- Communicate
- Launch and Monitor

# Performance Management Considerations

What should PM achieve?

Current state

What takes time, but delivers little to no results?

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**Plan Your Approach**

Measure Performance

Rewards

Processes

Goals

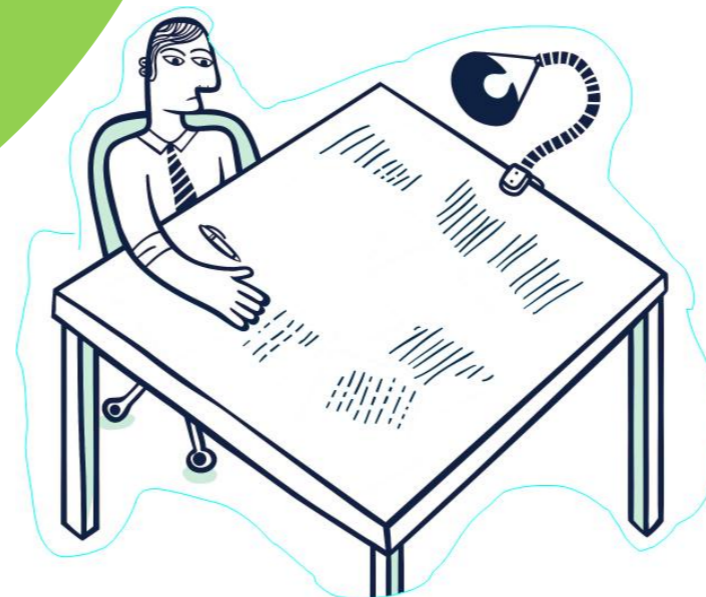
Documentation

Performance Conversation Framework

Conversation

# Forms and Process

Let's get  
this  
over with...





# Performance Management Today

**From**



**To**

From Assuming Managers  
Should Give Continuous  
Feedback

Providing Tools, Training, and a  
Simple Framework

Annual Reviews

Ongoing-Planned Dialogue

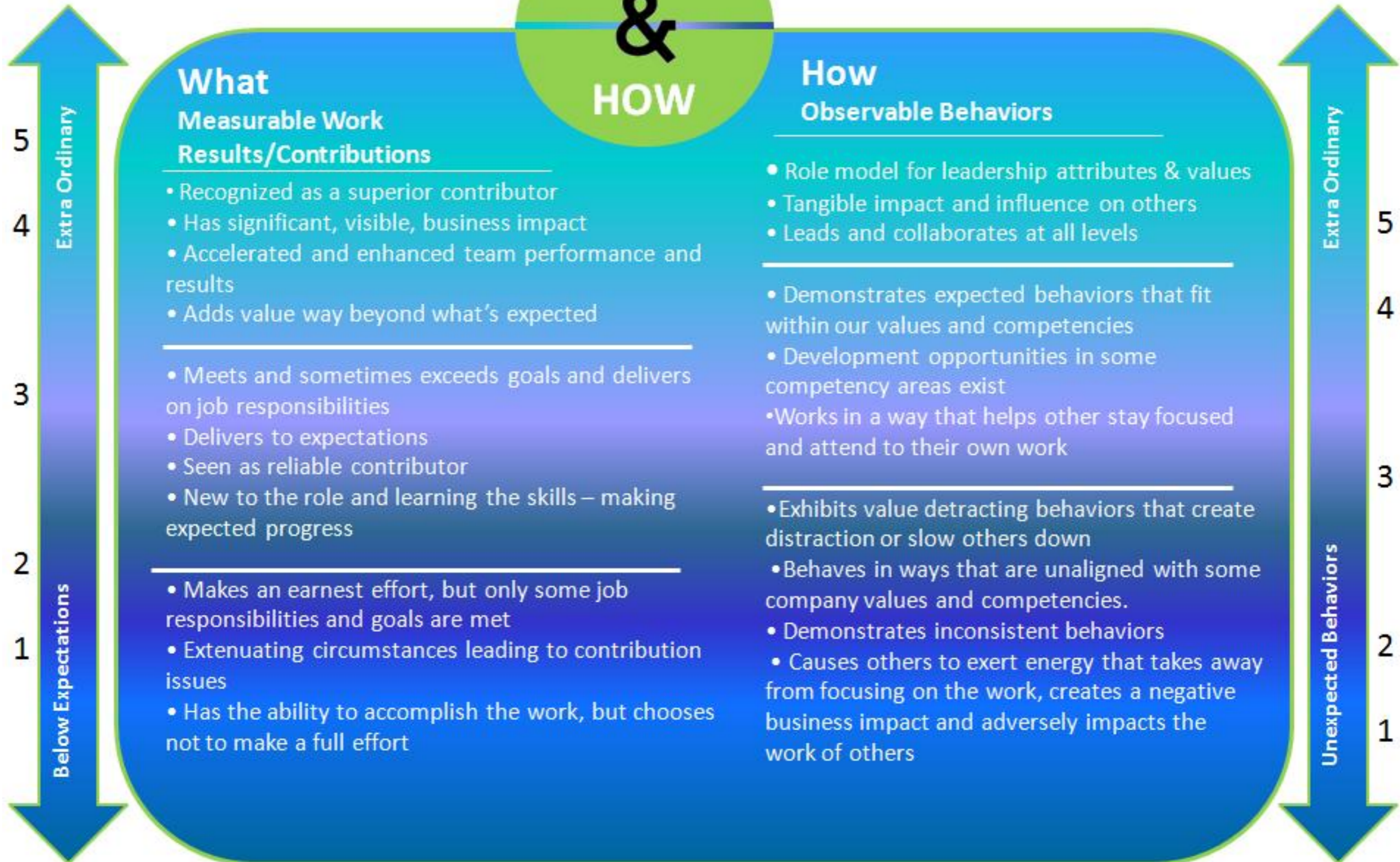
Judge, Evaluate and Rate  
Performance

Coach and Align for On-Target  
Performance





# Guidelines for Differentiating Performance



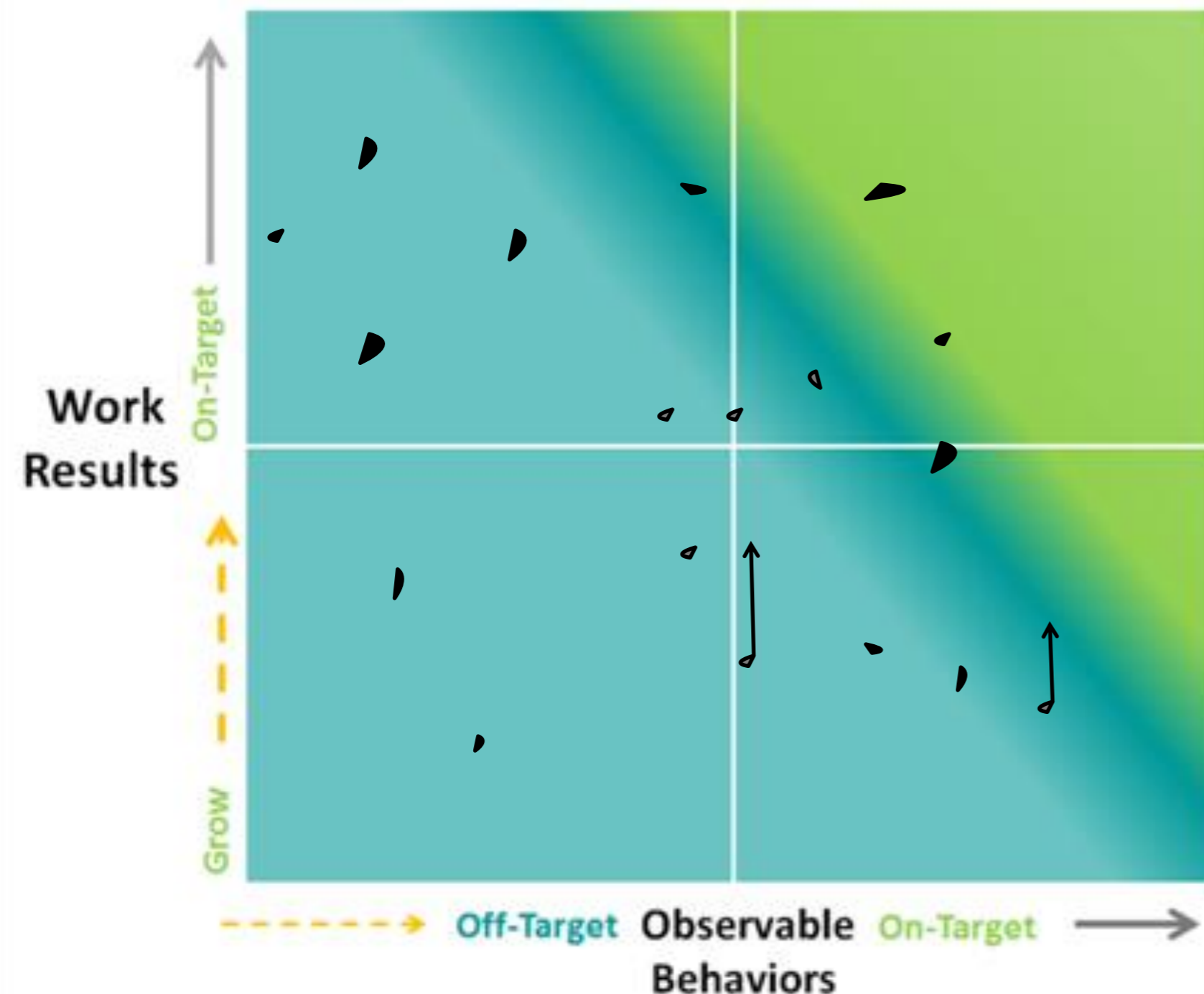
# Where I see others:

Applying your experience to the Continuum

## Instructions

- Plot as many people as you can think of: past and present

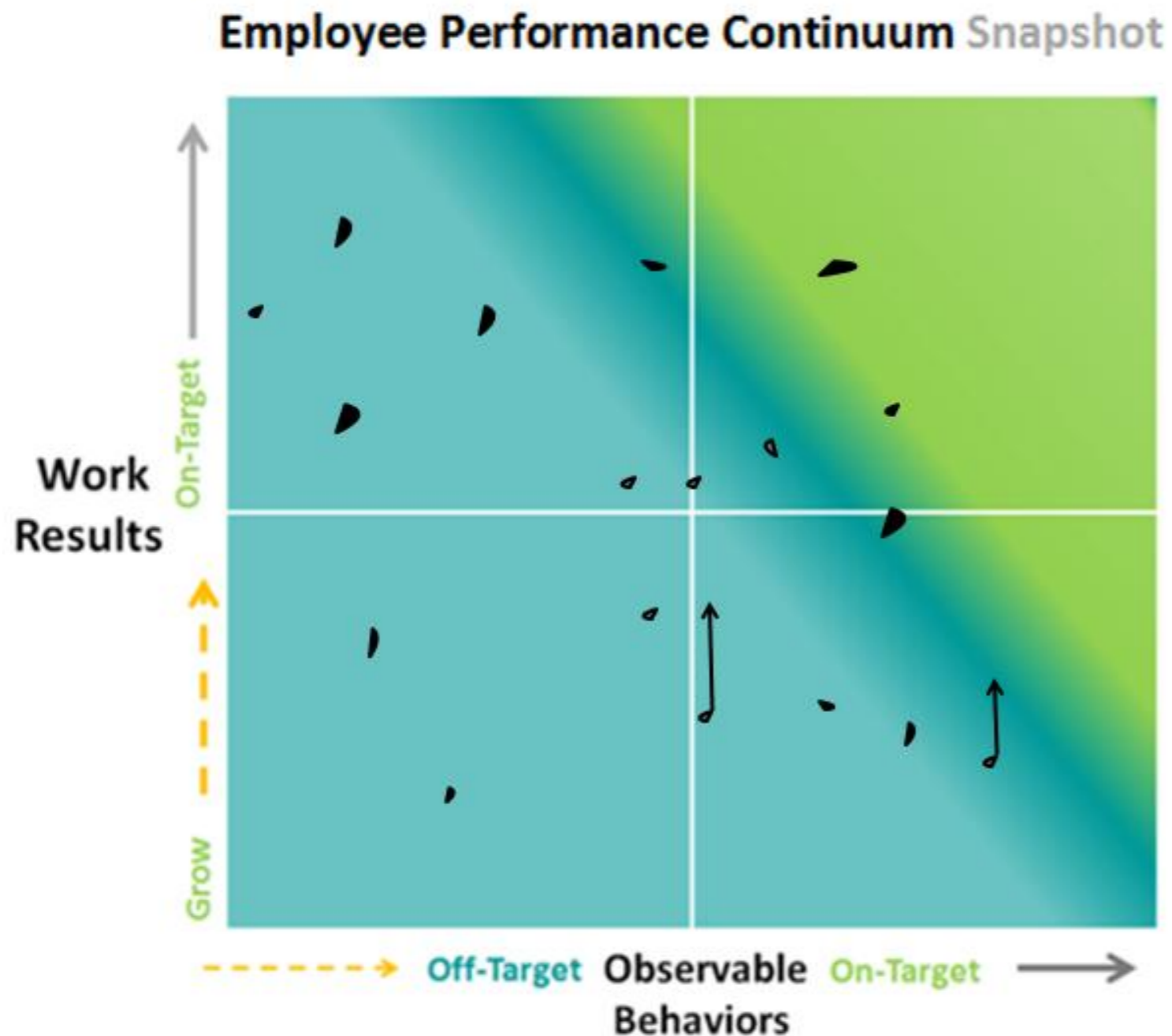
Employee Performance Continuum Snapshot



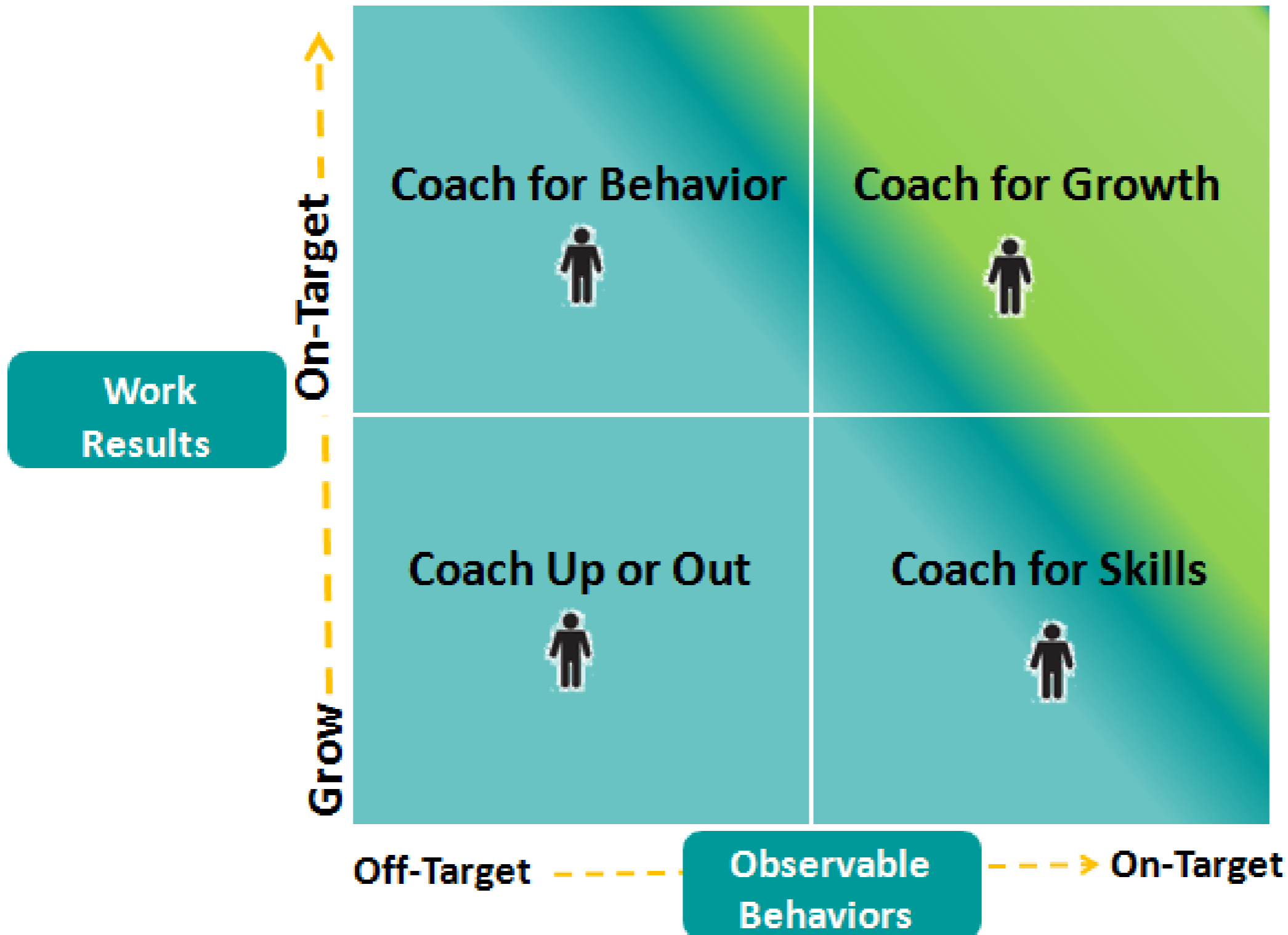
# Instructions

Connect with another workshop participant and  
**explain your thinking...**

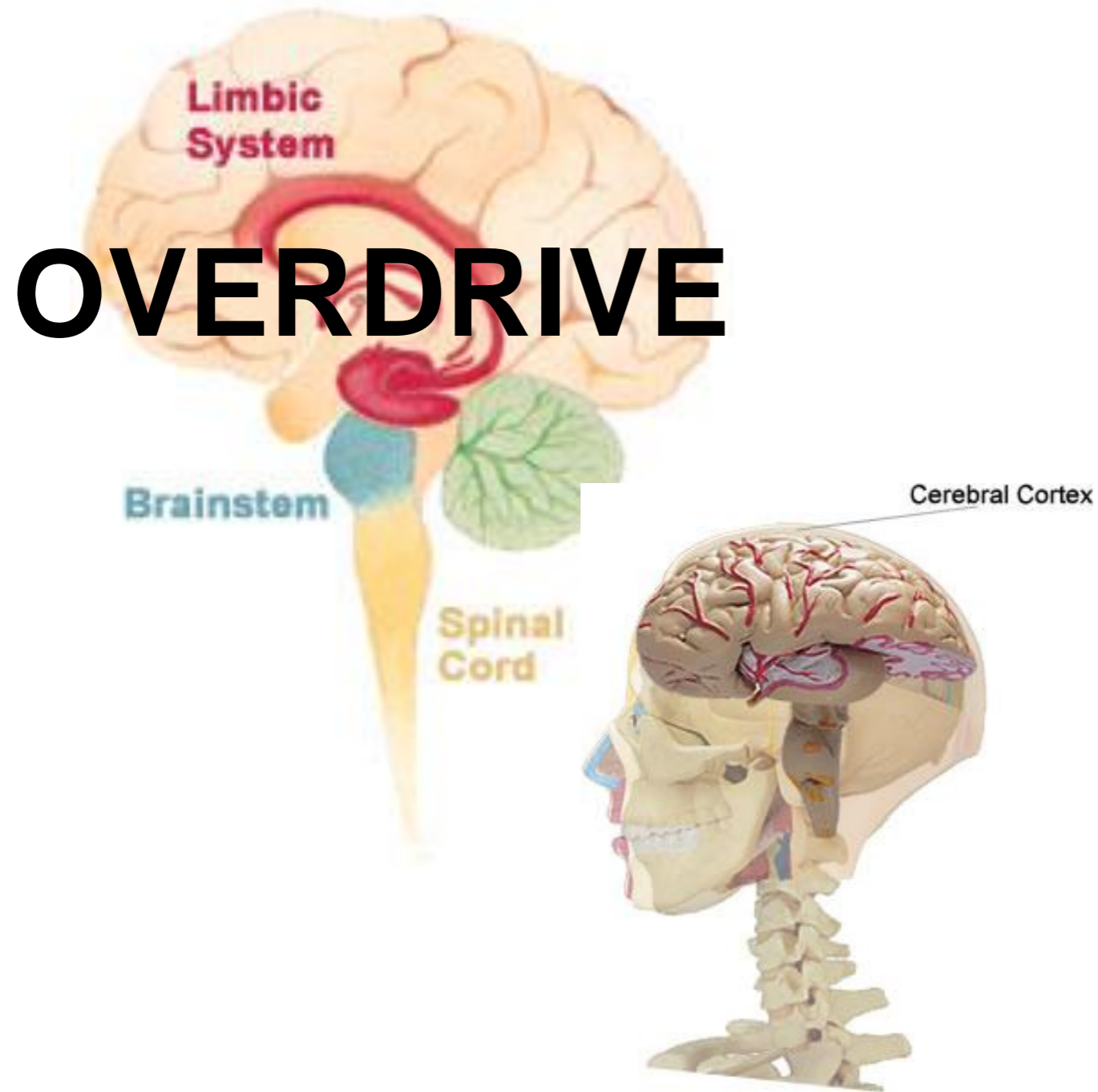
- Pair up with another participant and take turns explaining your thinking behind your plotting (choose 2 -3 plots per person to explain)



# Use the Employee Performance Continuum to:



# The Brain on Ratings



## **Under Attack**

Thinking brain  
shuts down

## **Emotions crank up**

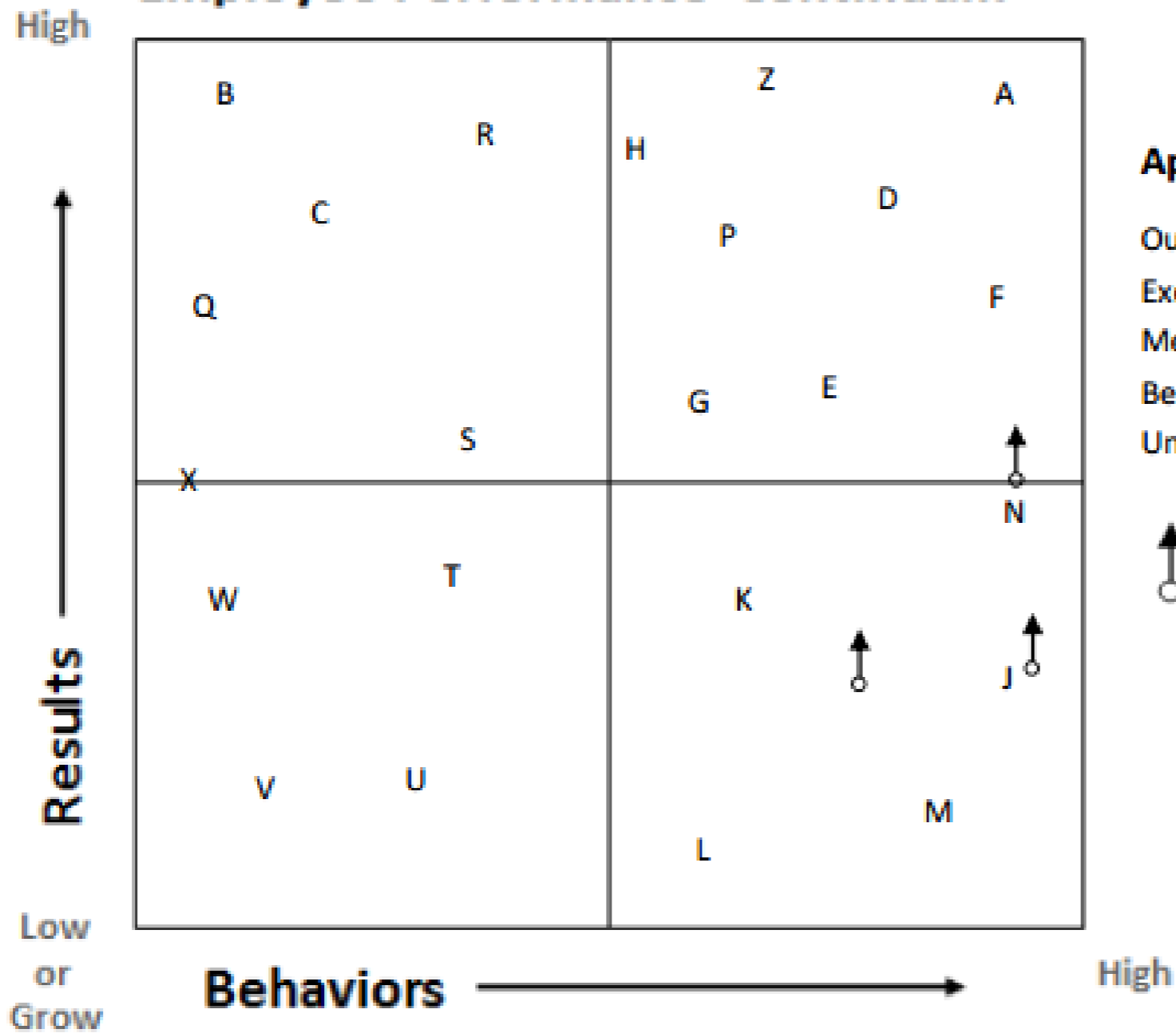
## **Self-esteem threat**

Judgment = recoil  
response

# Do Ratings Work?

Why or Why Not?

# Employee Performance Continuum



## Apply the Rating Category:

Outstanding (indicate as "5")

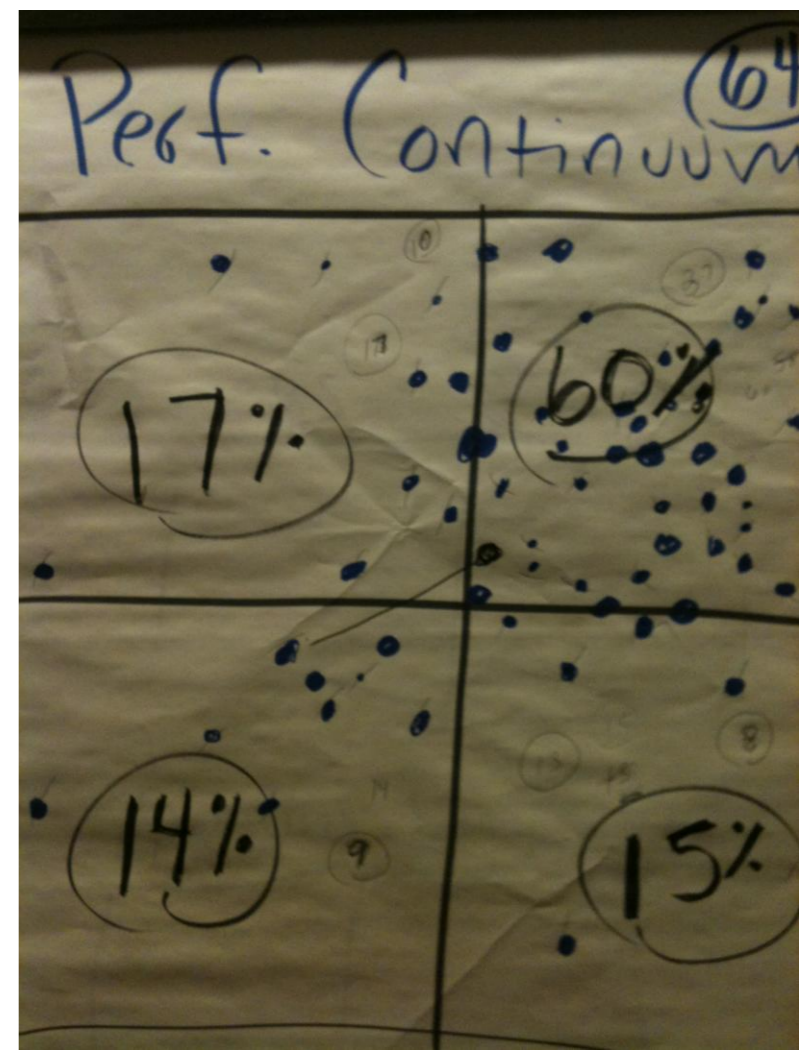
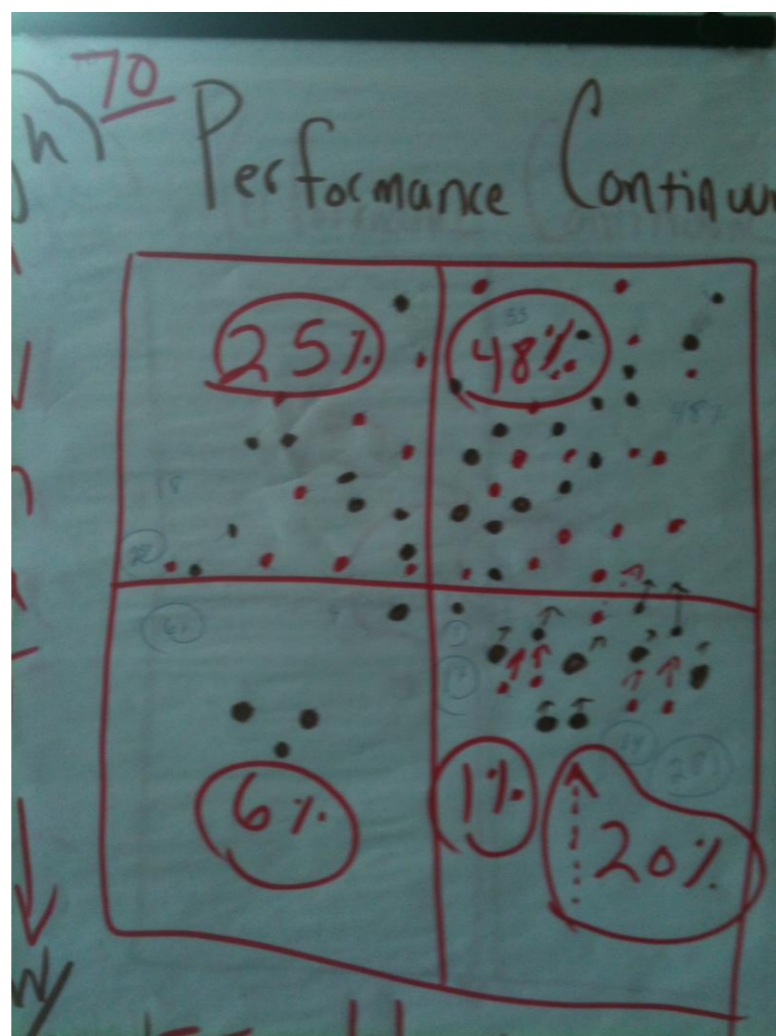
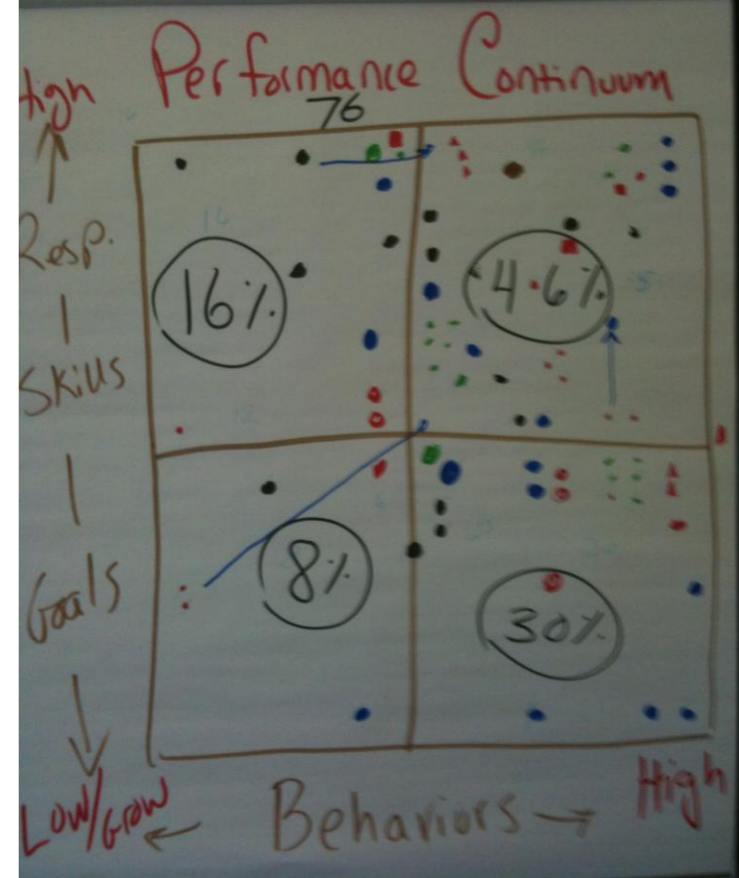
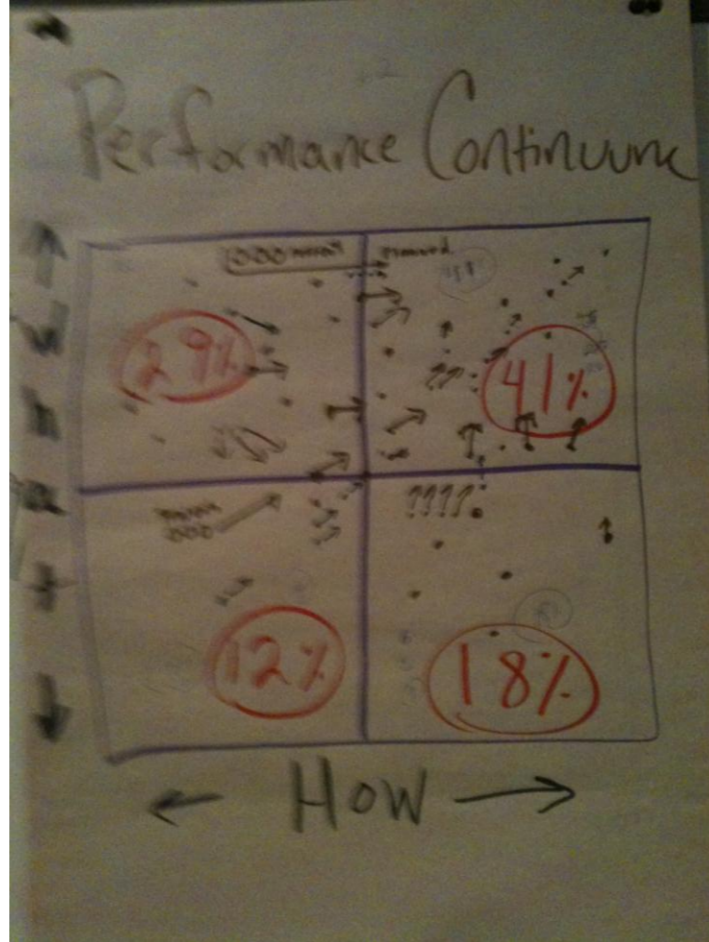
Exceeds (indicate as "4")

Meets (indicate as "3")

Below Expectations (indicate as "2")

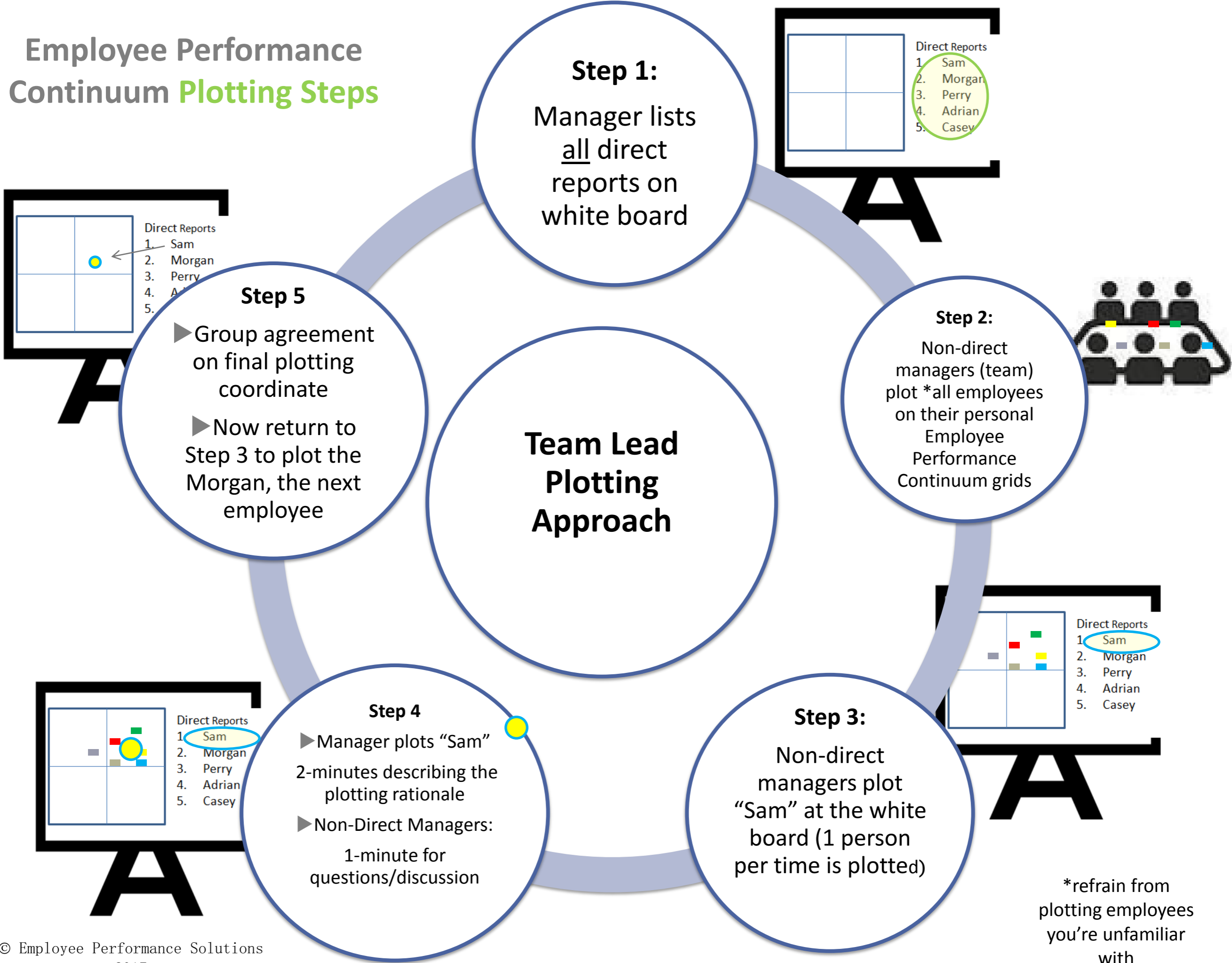
Unacceptable (indicate as "1")

↑ new to role and making expected progress





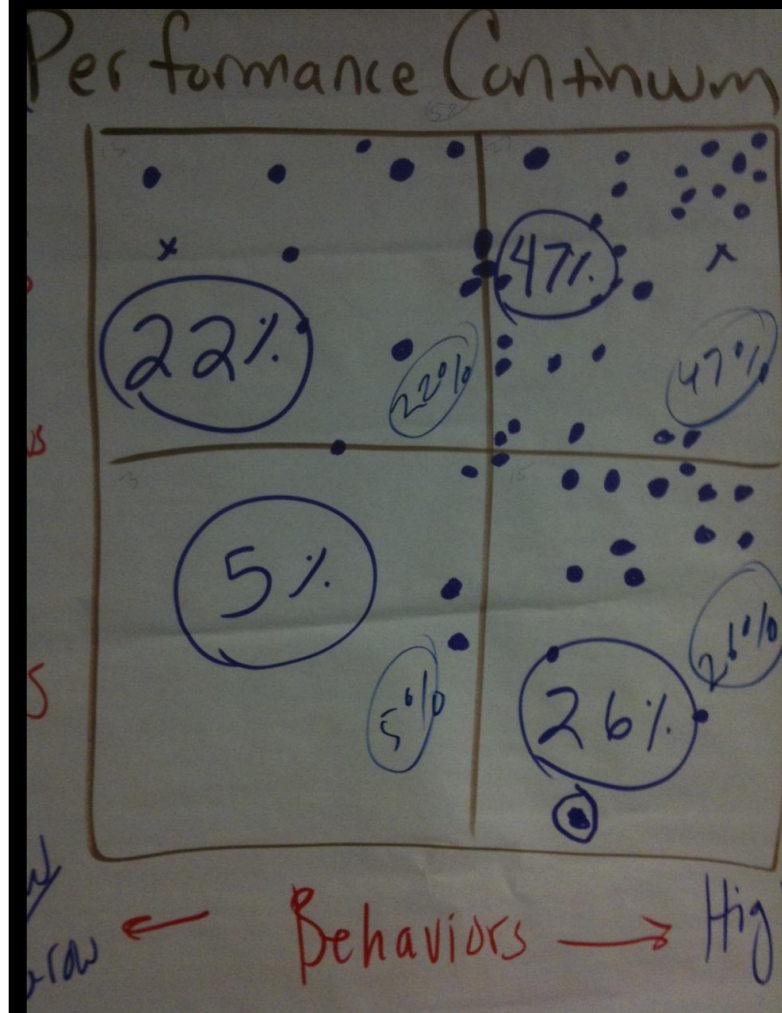
# Employee Performance Continuum Plotting Steps



\*refrain from plotting employees you're unfamiliar with

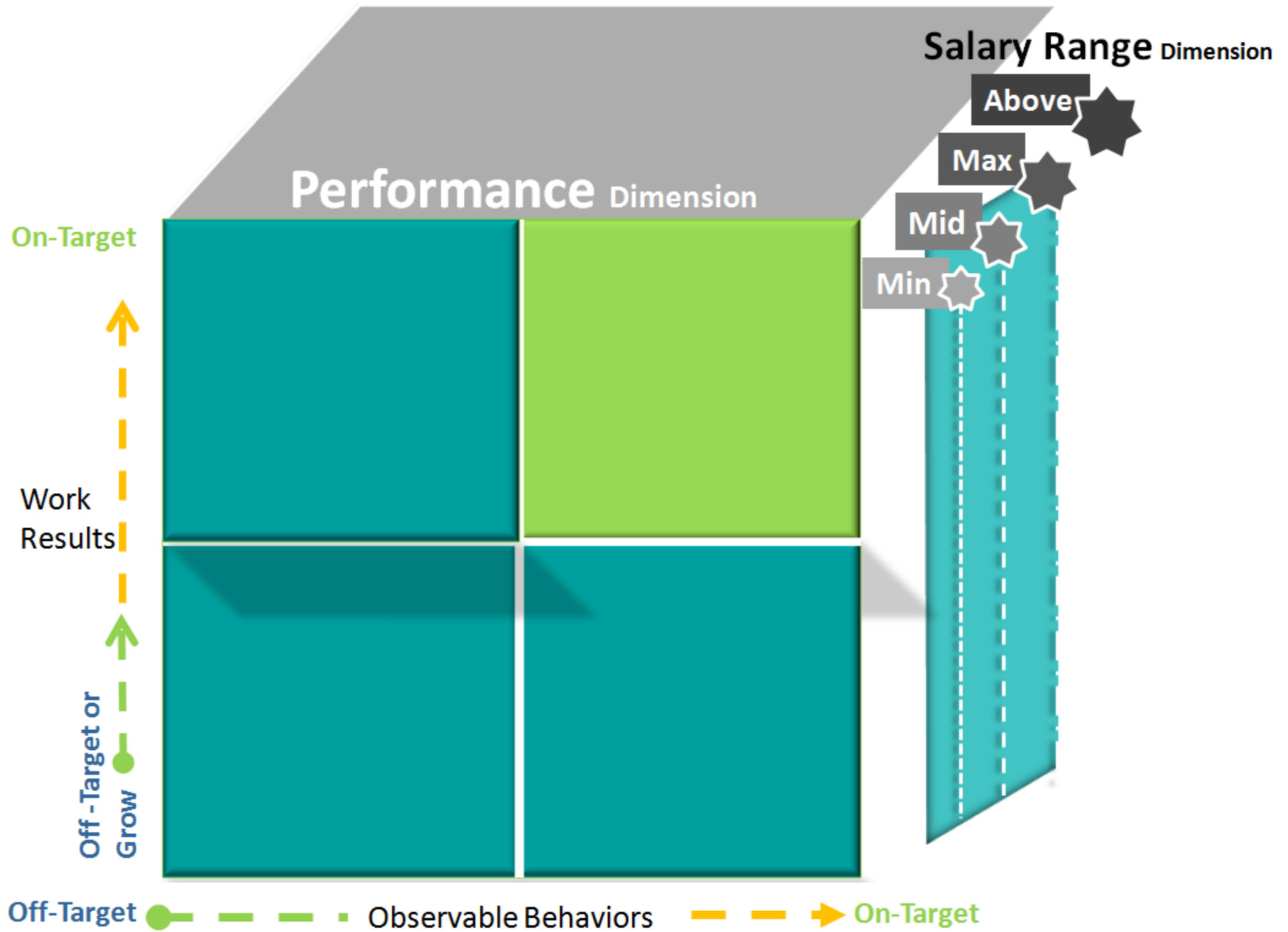
# Where to Spend the \$

Without Ratings



# Define Your Pay for Performance Philosophy





**Salary Range Dimension**

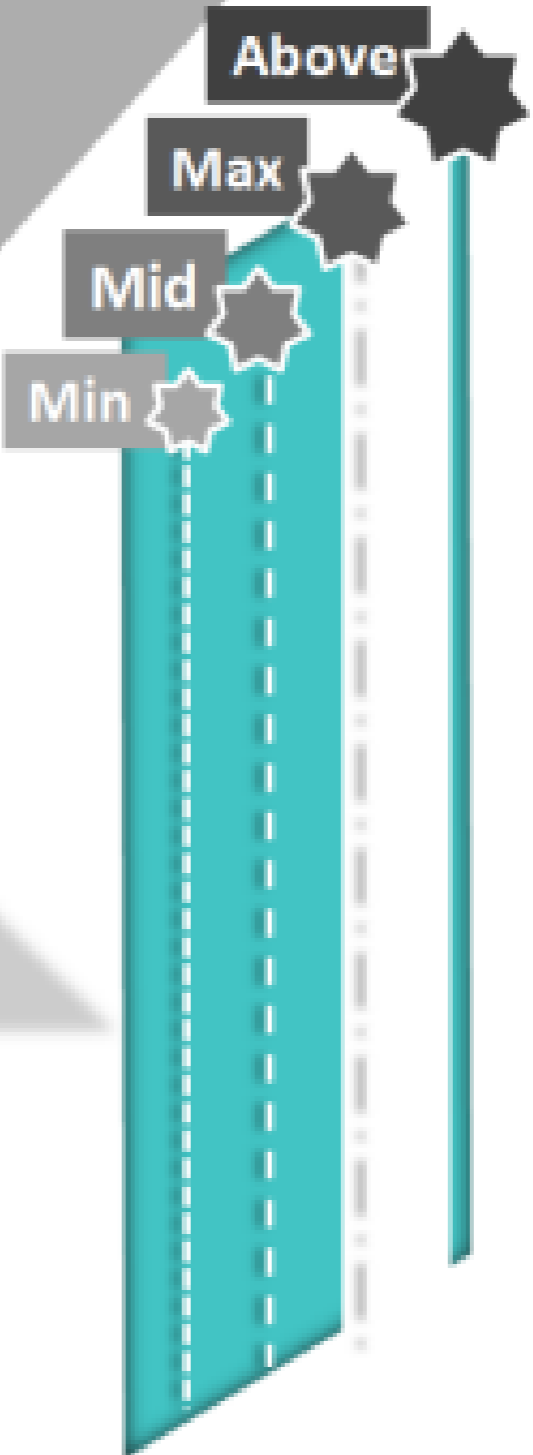
**Performance Dimension**

**Work Results**

- Job Responsibilities
- Goals
- Applied Skills

5	1-2% 5,1	2-4% 5,2	4-6% 5,3	5-7% 5,4	7-8% 5,5
4	1-2% 4,1	2-3% 4,2	4-5% 4,3	5-6% 4,4	5-6% 4,5
3	1-2% 3,1	2-3% 3,2	3-4% 3,3 3,4 3,5		
2	0% 2,1 2,2		1-2% 2,3 2,4 2,5		
1	0% 1,1 1,2		0% 1,3 1,4 1,5		
	1	2	3	4	5

**Observable Behaviors**



## Salary Administration – Pay for Performance Components and Guidelines

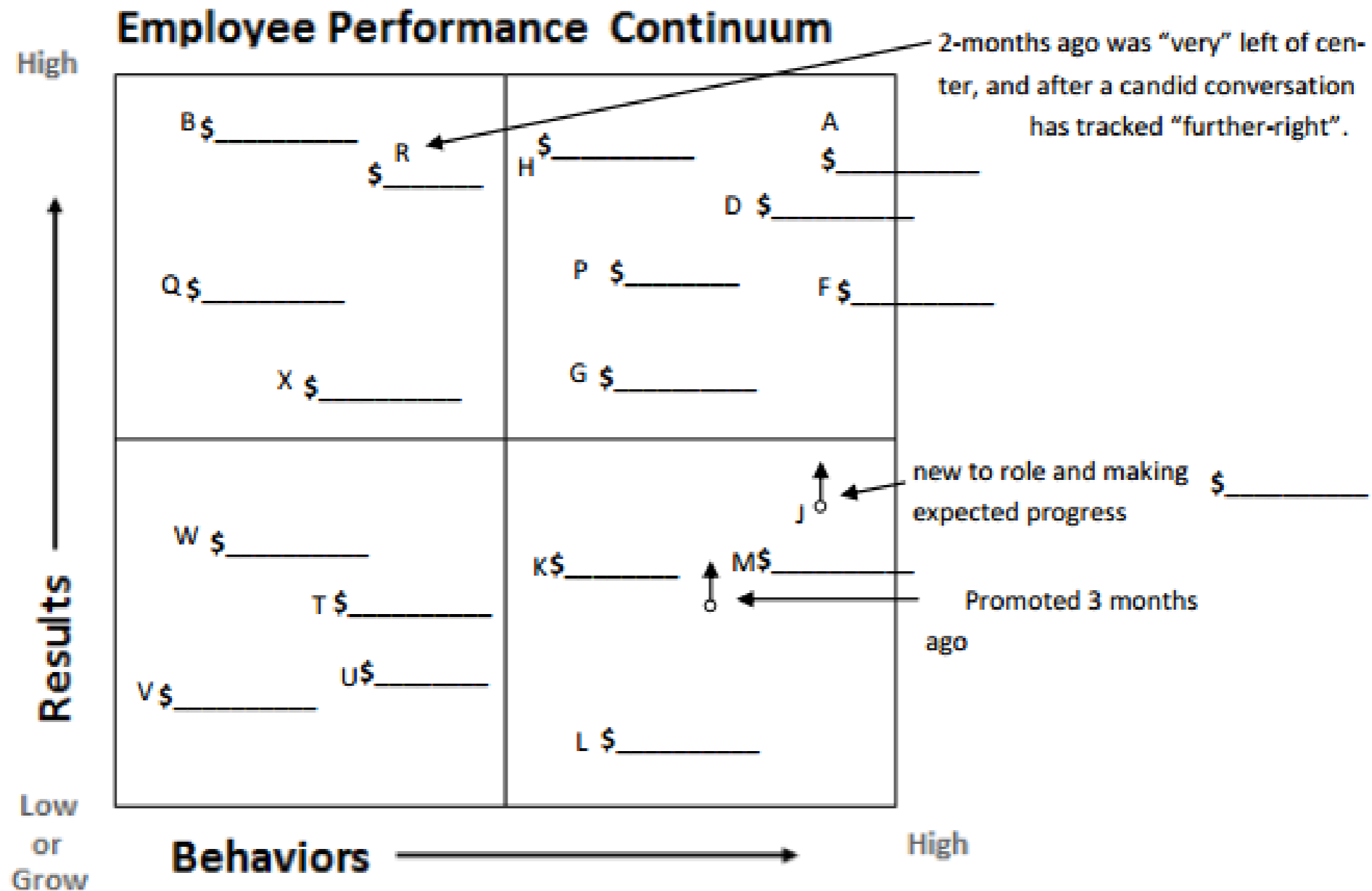
Merit Increase	Bonus	Stock Options
<b>Goals</b>		
<p><b>Performance Dimension</b>  <b>Differentiate Performance:</b> seek input from others to help balance your view (Discovery Meetings)</p> <ul style="list-style-type: none"> <li>•Recognize an employee’s total performance – a combination of Results + Behaviors (What and How)</li> </ul> <p><b>Salary Range Dimension</b></p> <ul style="list-style-type: none"> <li>•Consider range in market (salary range dimension)</li> <li>•Over a period of time, work towards paying to the mid-level of the pay range.</li> </ul>	<ul style="list-style-type: none"> <li>•Reward employees for contributions during the performance period</li> </ul>	<p>Stock options are used to...</p>
<b>Guidance</b>		
Use the Employee Performance Continuum to explain and support your thinking about how you’ve differentiated employee performance		
<ul style="list-style-type: none"> <li>•See the Performance Continuum Merit Matrix Guidelines to help guide your recommendations</li> </ul> <p><b>Larger increases go to:</b></p> <ul style="list-style-type: none"> <li>✓ High-solid level performers paid in lower range.</li> <li>✓ Employees who have made a significant difference to the business.</li> <li>✓ Employees needing a market adjustment</li> </ul> <p><b>Consider smaller increases for:</b></p> <ul style="list-style-type: none"> <li>✓ Employees already in the upper salary range dimension</li> </ul>	<ul style="list-style-type: none"> <li>•Consider bonuses for the highest performing employees</li> <li>•Consider bonuses to supplement merit pay as a reward for top performers who are close to the salary cap or in danger of exceeding the limit</li> <li>•Consider greatly reduced or no bonus for off-target performance related to value detracting behaviors, low work output/results (or a combination of the two)</li> </ul>	<ul style="list-style-type: none"> <li>•Stock grants are intended to:</li> </ul>

18 Employees at \$60,000 annual salary each

Total Payroll = \$1,080,000

Merit Pool Rate is 3% x Total Payroll = \_\_\_\_\_

\$\_\_\_\_\_ to Allocate Between the 16 Employees



# Pay Decisions

From

Discussion of Ratings

Ratings

Ratings Determine Pay

Merit Reflected as %



To

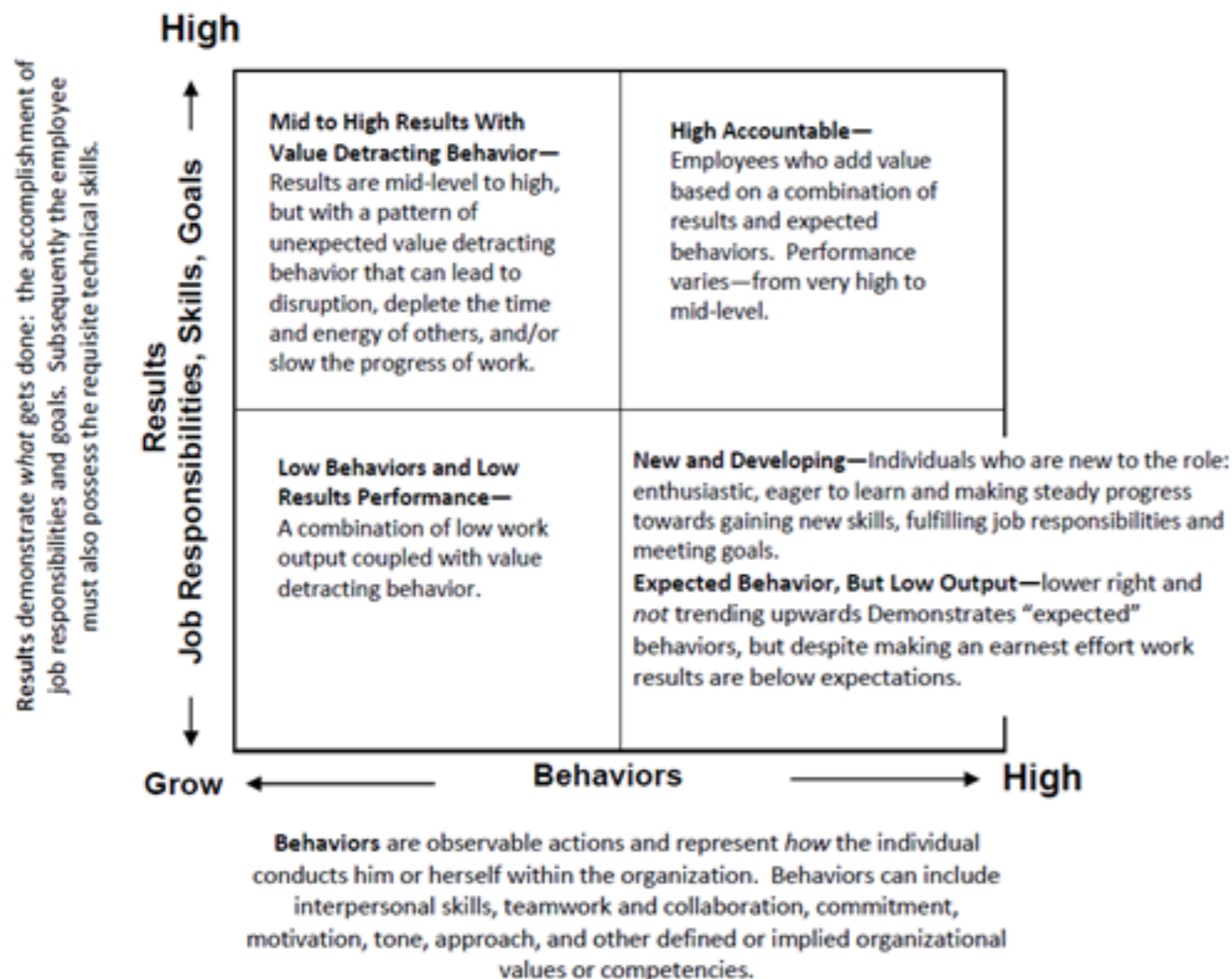
1 Discuss Performance

2 Performance Snapshots

3 Pay for Performance

4 Merit Reflected as \$ Amount

## The Employee Performance Continuum



5 Using the Performance Continuum to Understand and Discuss Performance

The Performance Continuum Can Help Inform Pay Decisions



# Example Pay Philosophy Communication

At \_\_\_\_\_ our philosophy is to provide a competitive total compensation package. In addition to being aware of and paying to market, a merit budget is allocated based on employee performance.

Overall performance effectiveness is measured in terms of *what* is accomplished (a combination of job responsibilities goal attainment) and *how* the person conducts him or herself (observable behaviors). Managers have been trained to meaningfully assess performance based on these two factors. They will check their assessment of an individual's with their direct manager and \_\_\_\_\_. This means being able to articulate and explain the performance contributions of individual employees, based on a combination of results and behaviors. After a thoughtful discussion around overall performance with peer managers, the manager's manager, and \_\_\_\_\_, informed pay decisions are made within the established budget.

Pay increases (merit and bonus) are communicated as dollar amounts and will be reflected in paychecks during the month of \_\_\_\_\_ each year.

10-Minute Conversation

Annual Form/Process

Performance Conversation Planning Map

Continue to Set and Track Goals

Team Plotting/Discovery Sessions

# Annual Form/Process

## Performance Conversation Planning Map

### Performance Conversation and Planning Map

Name:	Role:
Manager:	Date:

#### STRENGTHS

Area of Strength	Examples	Positive Impact	Related Competencies

#### WHAT'S NEXT

What's Next...	Specifics/Details	Why This is Important	Related Competencies

#### GOALS

Translate Areas for Growth and Development into Goals.

Consider if **on the job** or **external training** is required to successfully meet the goal (training should be reflected as part of a goal).

Overall Objective	Actions/Milestones to Achieve Objective	Measurement	Time Frame

Manager's Signature: \_\_\_\_\_

Employee's Signature: \_\_\_\_\_

# Performance Management Evolution

From

To

Annual Event



1

Real-time

Process & Forms



2

Focused Conversations

Burdensome, Fixed



3

Agile, Simple, Lightweight

Looking Back



4

Looking Forward

Top Down



5

Networked

Evaluate and Judge



6

Coach and Grow

# 10-Minute Questions Conversation Worksheet

Use this worksheet to take prepare for your conversation and take notes. Start with the 10-Minute Questions below, then talk about any follow-up items from your last and today's meeting, check-in on goals, and cover any other work topics (tasks, projects, etc.) Try these basic questions for the first three conversations then vary the questions by substituting others.

## Manager Asks:

1. What's one thing you want to highlight from this month that you accomplished [or one thing that has gone well]?
2. What's one thing you want to get better at [learn about, be involved in or a new skill you'd like to acquire]?

or  
and/or another question you have:

your notes

Your  
notes

## Employee Asks:

1. What's one thing I'm doing well that I should continue?
2. What's the one thing I *could* do to make even more progress in my role [or what's the next thing for me to focus on]?

or  
and/or another question you have:

your notes

Your  
notes

## Manager Asks:

1. What's one thing I'm doing to support you that's working well?
2. What's one way I could work better with you [or what's one thing I could do to support you more]?

or  
and/or another question you have:

your notes

Your  
notes

your progress from the last check-in:

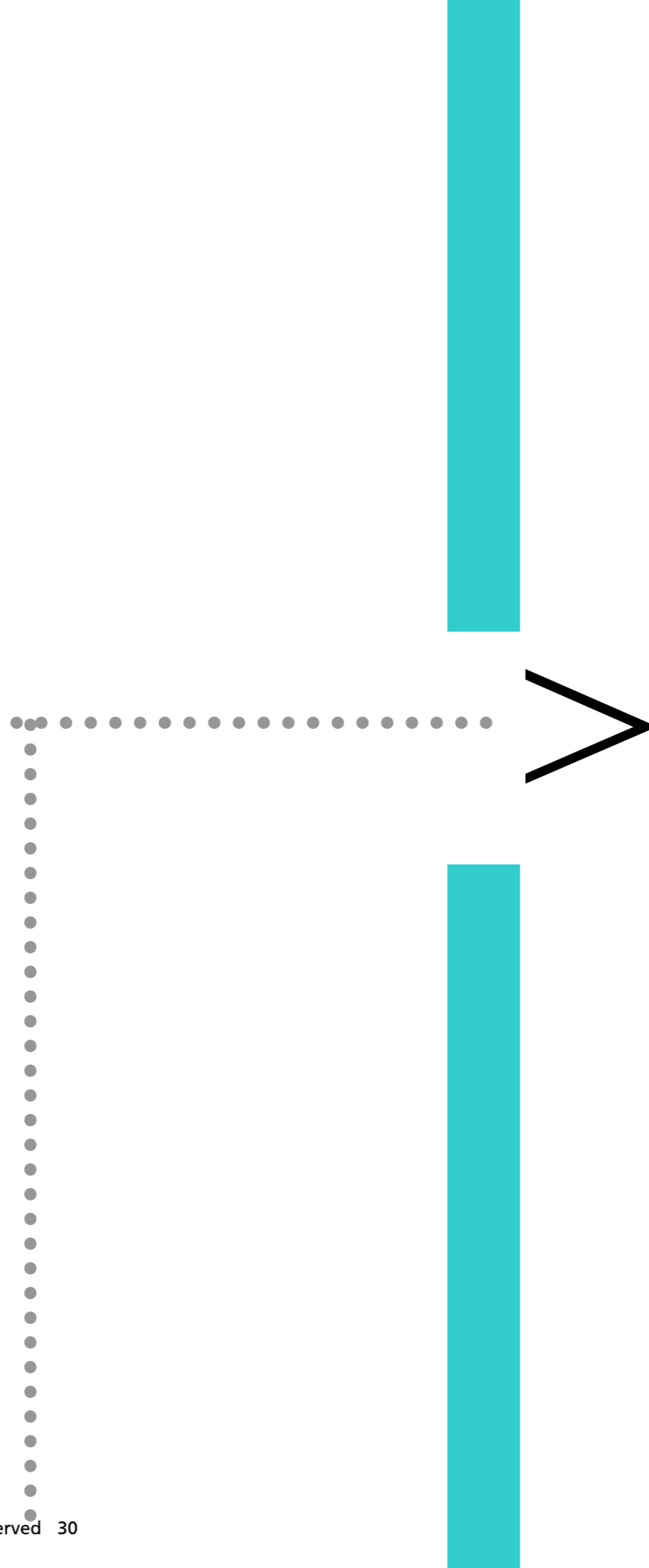
Here's what I did...

3/24/16

Date:

plan for following up on items from this meeting:

I will

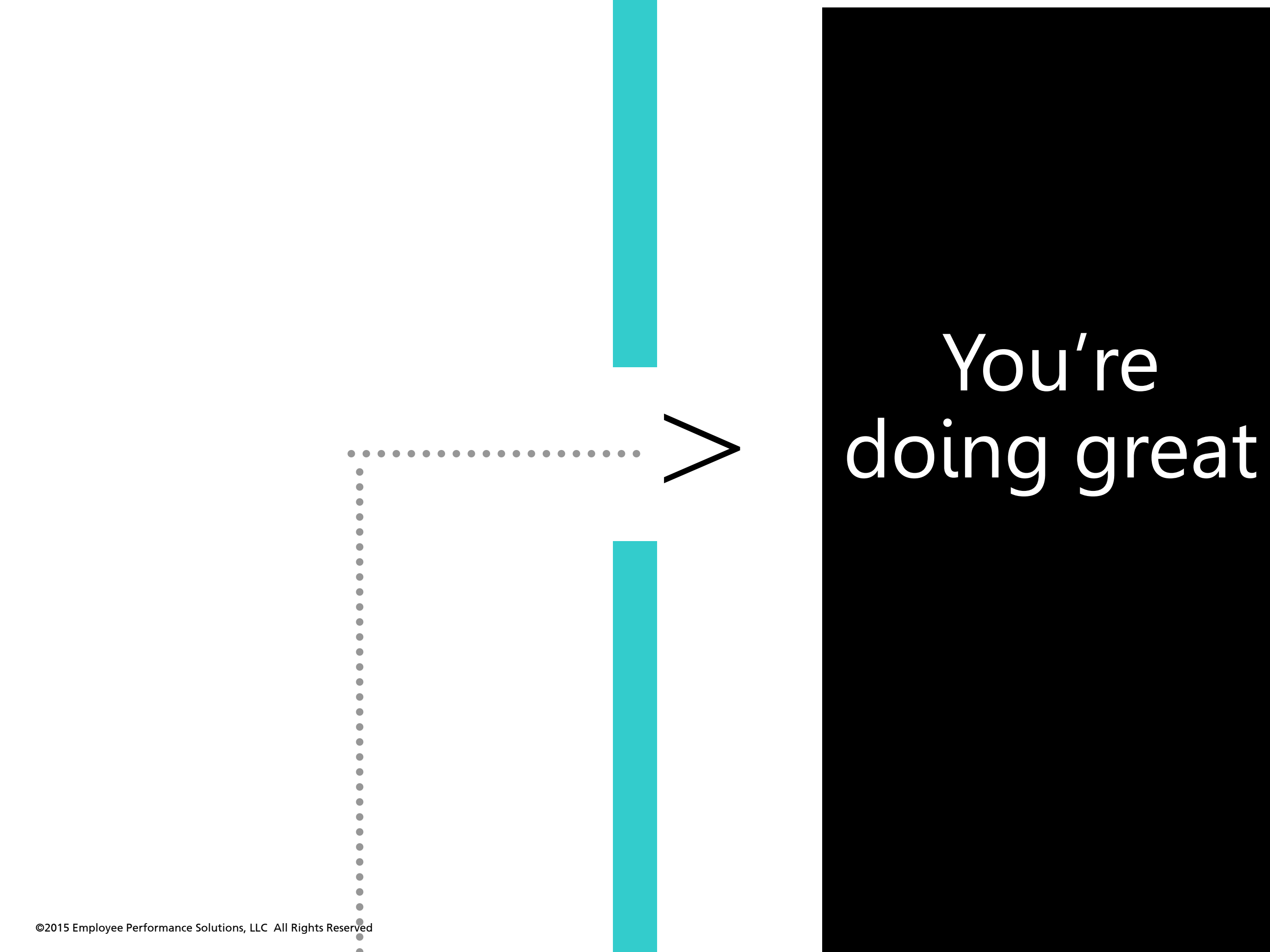


# Requesting Information

the questions we ask  
influence the answers  
we receive



**How am  
I doing?**



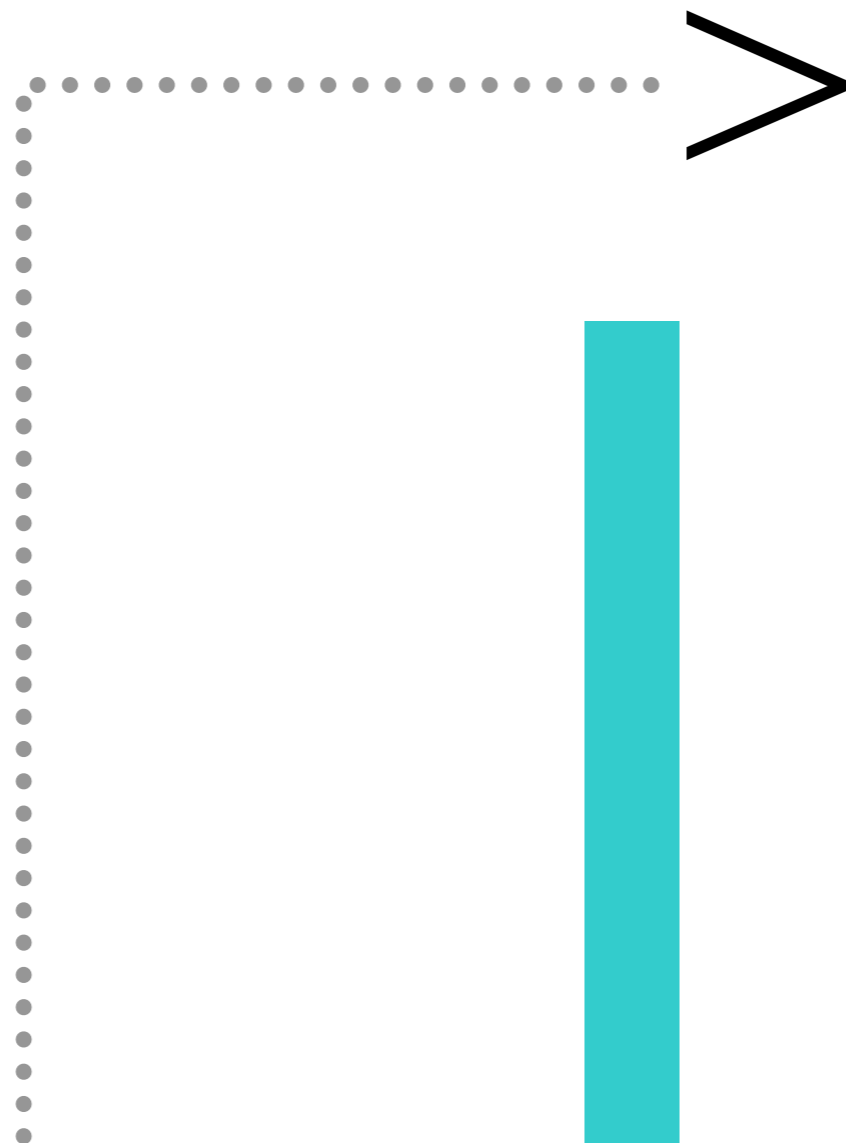
You're  
doing great





**What can I  
do better?**

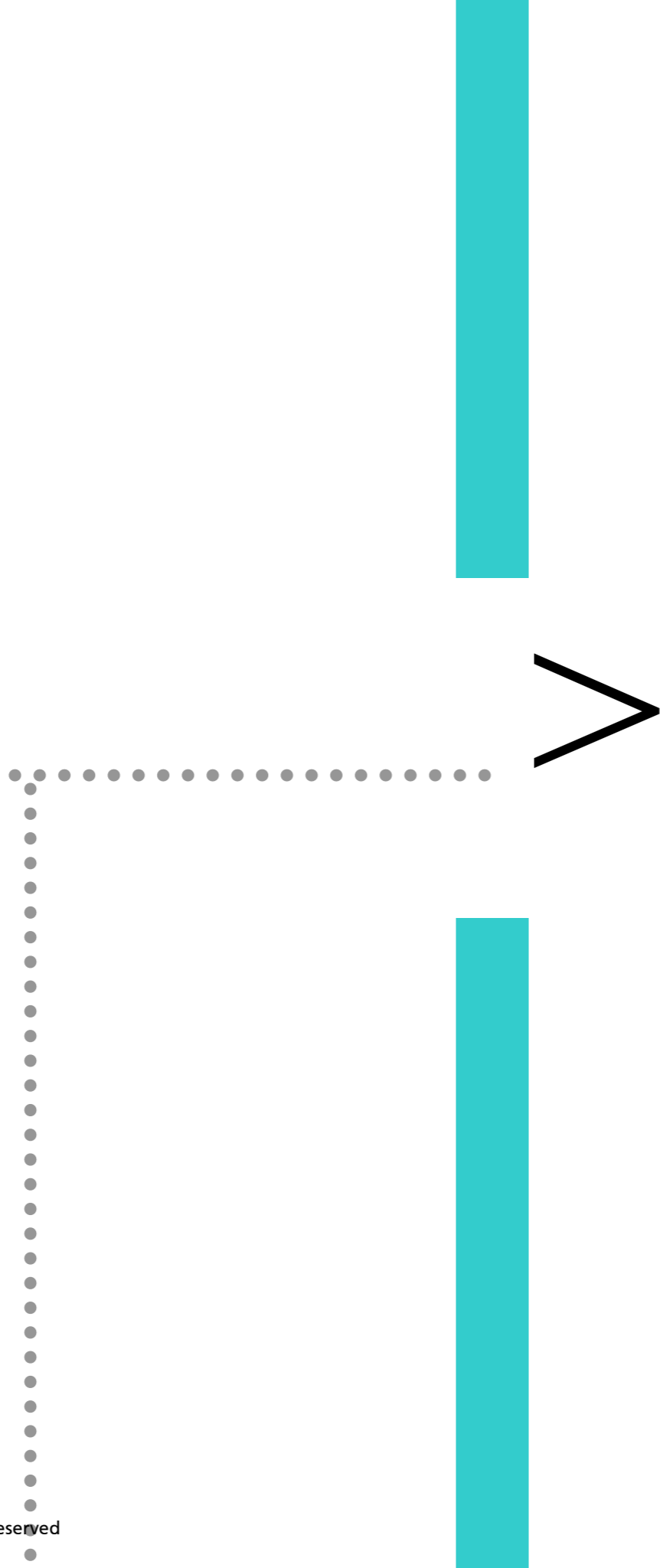
I can't think  
of anything





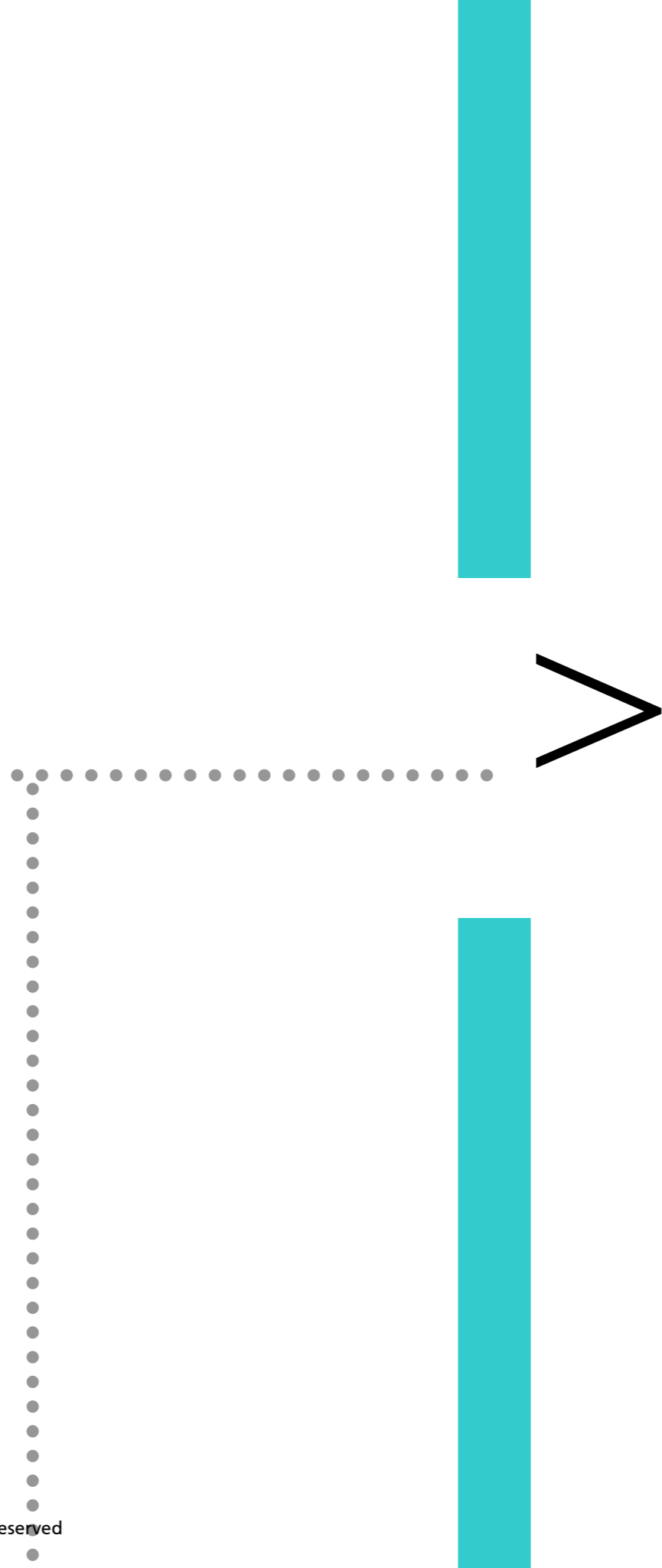
**What did you  
think of my  
presentation?**

It was  
really good





**What can I do  
differently?**



Nothing.  
Just keep  
doing what  
you're  
doing.



**How is  
everything  
going?**

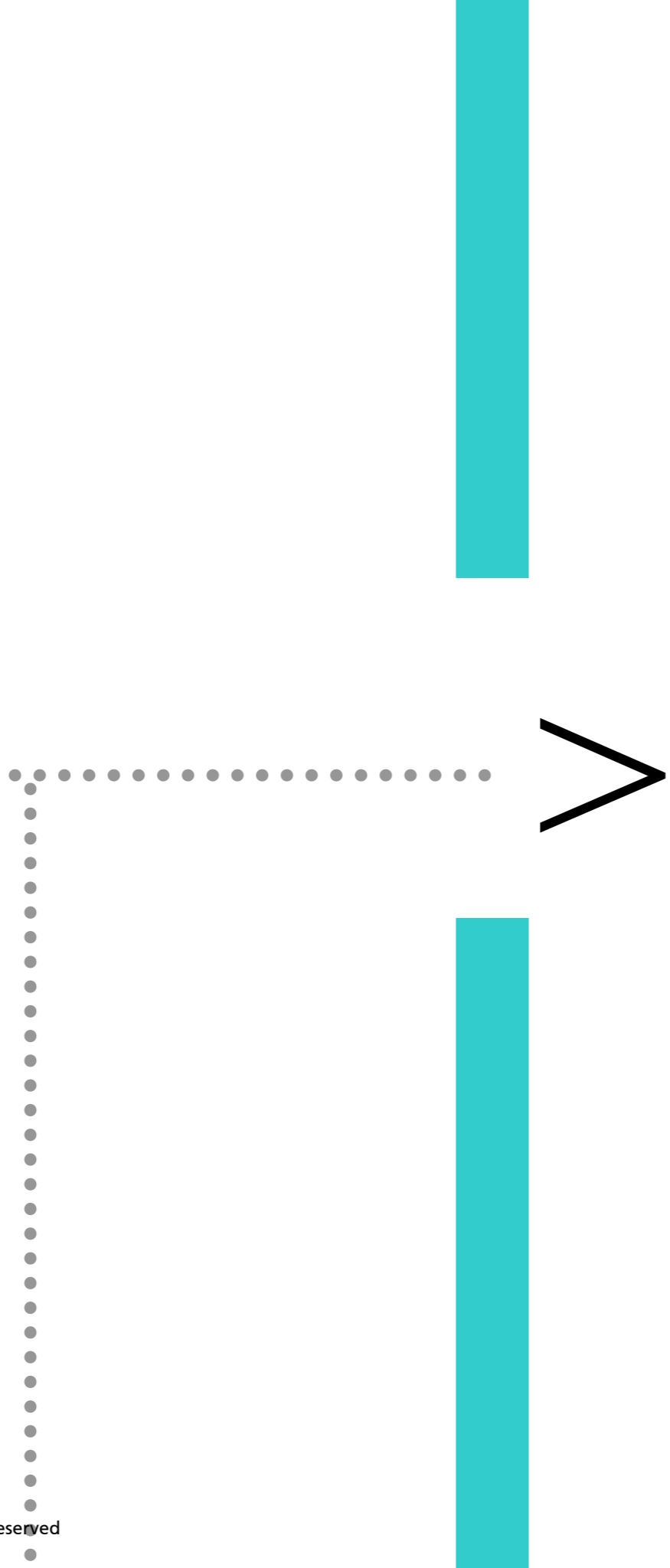


Great  
or  
Good





**What  
should I  
stop doing?**



Stop asking  
so many  
questions

What did you  
think of my  
presentation?

I don't  
know

It was really good





**There's No Time**

9,6000



# MANAGER SKILLS TOP THE LIST

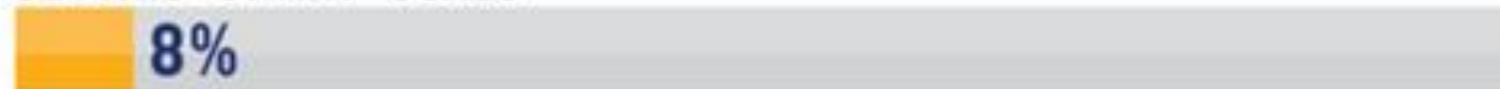
Participants in Mercer's survey say people-manager skills are critical to accomplishing desired performance management objectives. However, few respondents grade their managers as "highly skilled" in a number of important categories.

## PERCENTAGE OF RESPONDENTS WHO SAY MANAGERS ARE *HIGHLY SKILLED* IN EACH CATEGORY

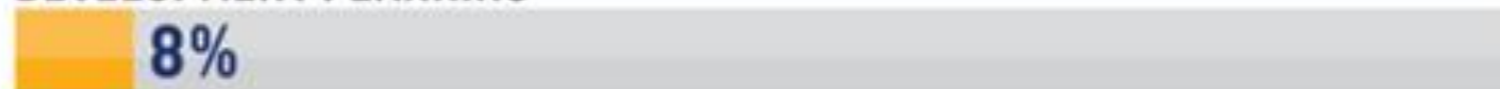
### HOLDING FORMAL PERFORMANCE EVALUATION DISCUSSIONS WITH EMPLOYEES



### SETTING "SMART" GOALS



### LINKING INDIVIDUAL PERFORMANCE TO "ACTIONABLE" DEVELOPMENT PLANNING



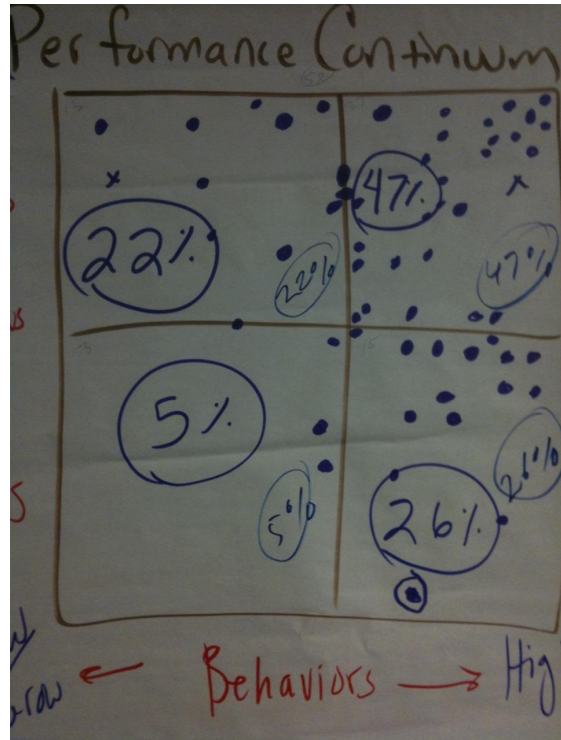
### HAVING CANDID DIALOGUE WITH DIRECT REPORTS ABOUT THEIR PERFORMANCE



0%

100%

# Missed Expectations



gap



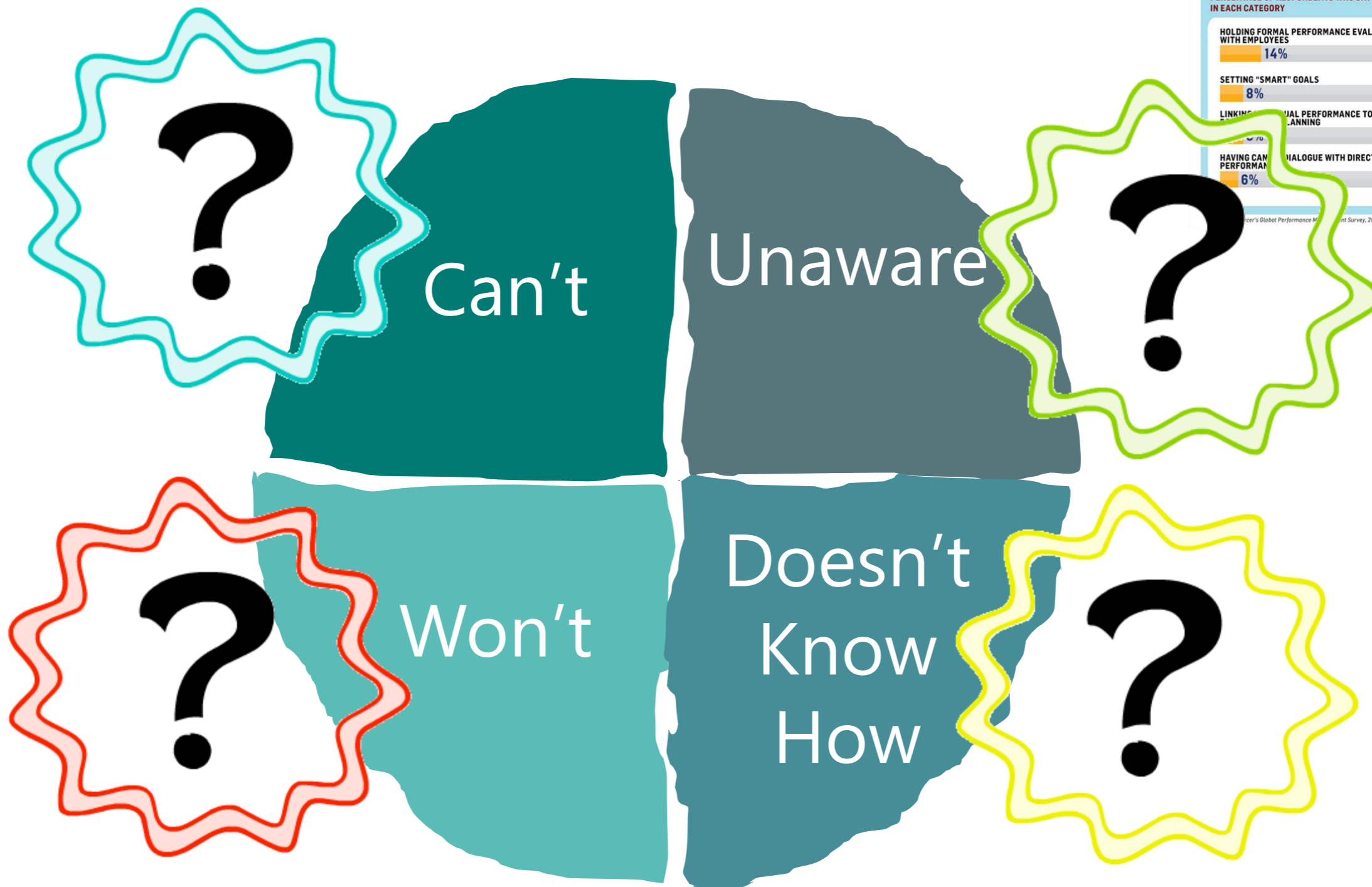


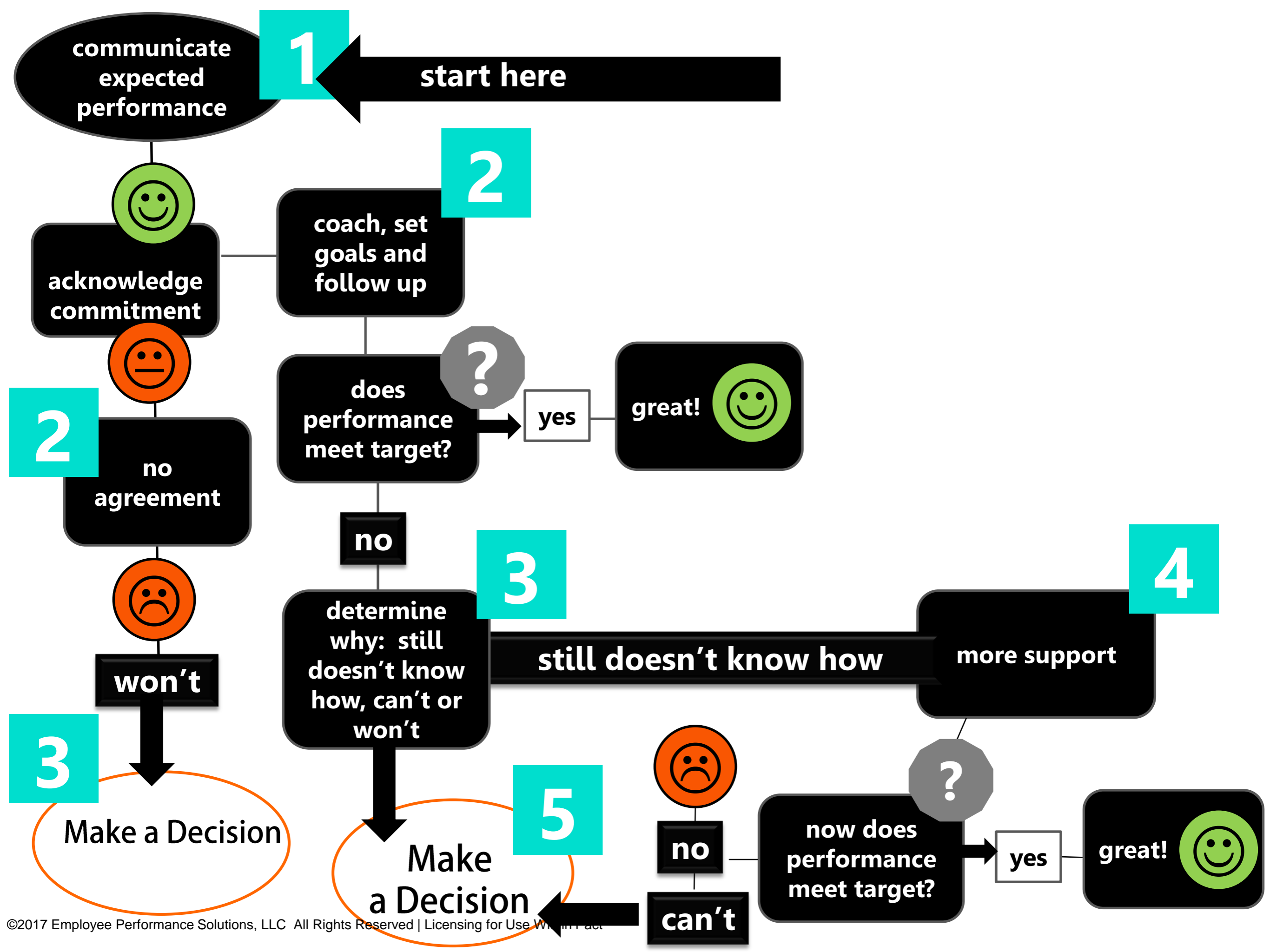
# Documentation



Performance Issues

# Explanations for Missed Expectations








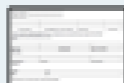





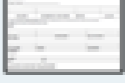








## Sample Communications: Performance Issues

### Performance Issues

Off-target performance should be discussed as soon as a manager notices missed expectations. Performance issues do not need to wait for a scheduled monthly meeting between supervisor and employee and should be addressed separately. Tools are available to you to manage performance issues and are not changing. If you experience challenges with an employee, candid conversations about the lack of acceptable performance and potential consequences should occur. If performance does not improve, these issues and conversations should be documented in a Corrective Action or Performance Improvement Plan. If you need help or guidance, Human Resources can support you.

## 2017 Performance Management Framework and Schedule

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
											
											
Set Corporate Goals 	ID Functional/ Individual Goals 		Formal Check In 			Formal Check In 			Formal Check In 		

### 1. Performance Continuum Discovery Meetings: April and October

**Objective** Understand and see performance effectiveness, individually and across the organization. Create a awareness and accountability amongst managers and leadership of intentionally managing and maximizing employee performance. Monitor ongoing progress and effectiveness of the Performance Management Framework.

### 2. Performance Conversation and Planning Map: April and October

**Objective** Supplement to the 10-Minute Conversation to more formally capture what's working and what's next to focus on. This should already be part of the 10-Minute Conversation, but this twice yearly process ensures that this information is being communicated. It aligns with the Performance Continuum work (the plan to move people forward).

### 3. Ten-Minute Conversations: Monthly (except for April and October)

**Objective** Create the opportunity to align performance and expectations, go beyond talking about tasks and projects, opportunity to ask/answer questions designed to drive performance.

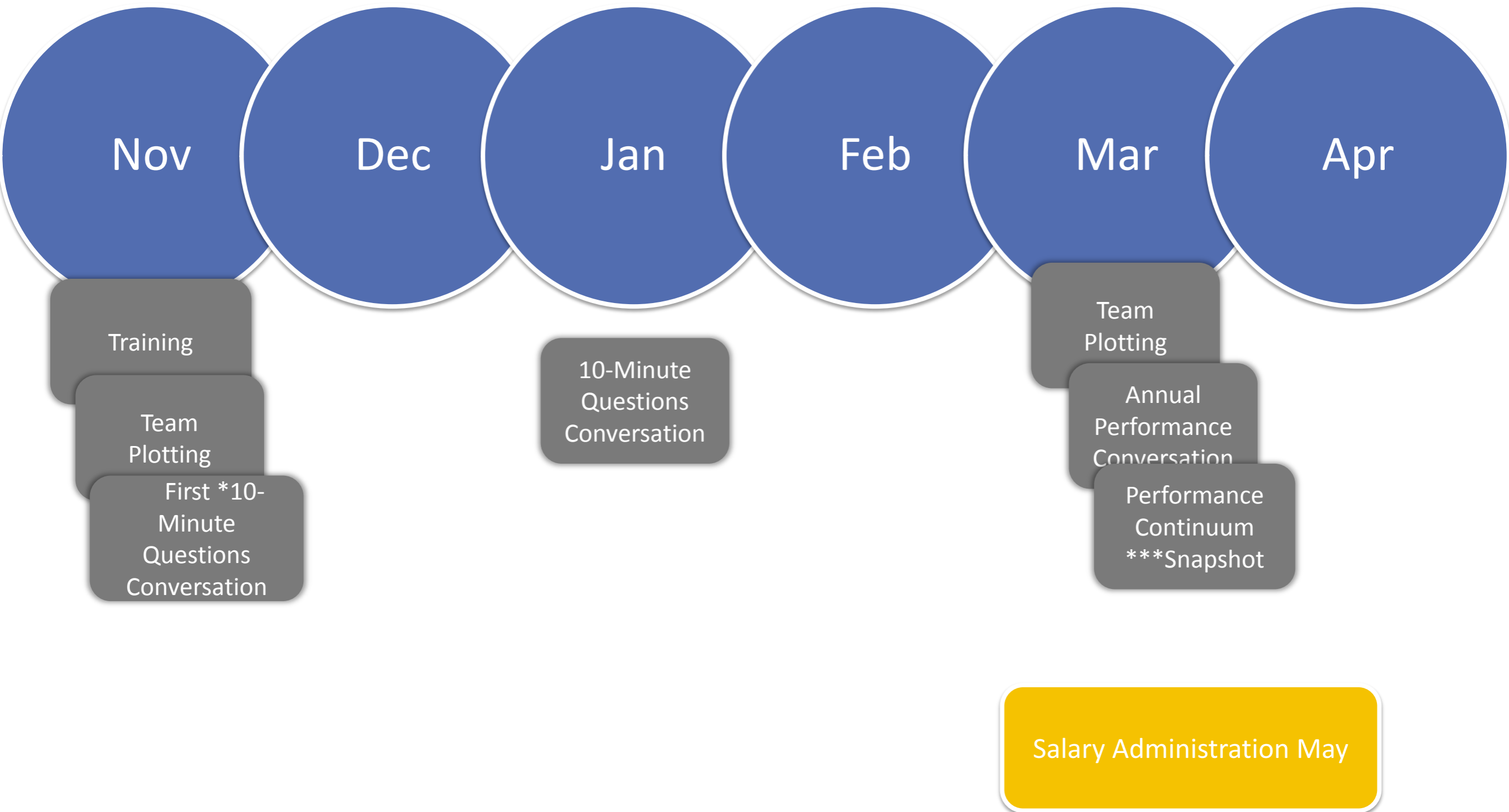
### 4. Setting and Tracking Goals

<b>Actions and Dates</b>	January FirstFuel Corporate Goals	February ID Functional and Individual Goals	April, July, October Formal Check Ins	March, May, June, August, September, November December Informal Goal Check Ins (this can be part of the 10-Minute Conversation)
<b>Objective</b>	Actively track and monitor work objectives: track achieved goals, track goals in process, in jeopardy of not being met (identify green, yellow, red status), or are in need of adjustment (ie: shifting priorities).			

Salary Administration: June/July



# Conversation and Performance Management Example Activities Schedule



A large teal semi-circle graphic that is open at the bottom. It contains the text "Your Proposal" in white.

**Your Proposal**

Activities/Schedule

A teal semi-circle graphic that is open at the top, positioned below the text "Activities/Schedule".





**Your ideas for  
implementing/tailoring  
this approach...**

Your Organization





**Socialize and Influence -  
Organizer**

In Your Organization...



## Big Change Approach

“retiring” annual performance reviews and ratings . Moving to a conversations focused framework

Your Branding Idea/Theme\_\_\_\_\_

### Details:

What, Why, Who

What’s in it for me?

What’s in it for the organization?

## Low Key Approach

Increasing Communications between managers and staff  
Creating a culture of performance conversations framework

Your Branding Idea/Theme\_\_\_\_\_

### Details:

What, Why, Who

What’s in it for me?

What’s in it for the organization?



**CONVERSATIONS  
THAT CONNECT**

# PERFORMANCE CONVERSATIONS

*Collaborate to Win*



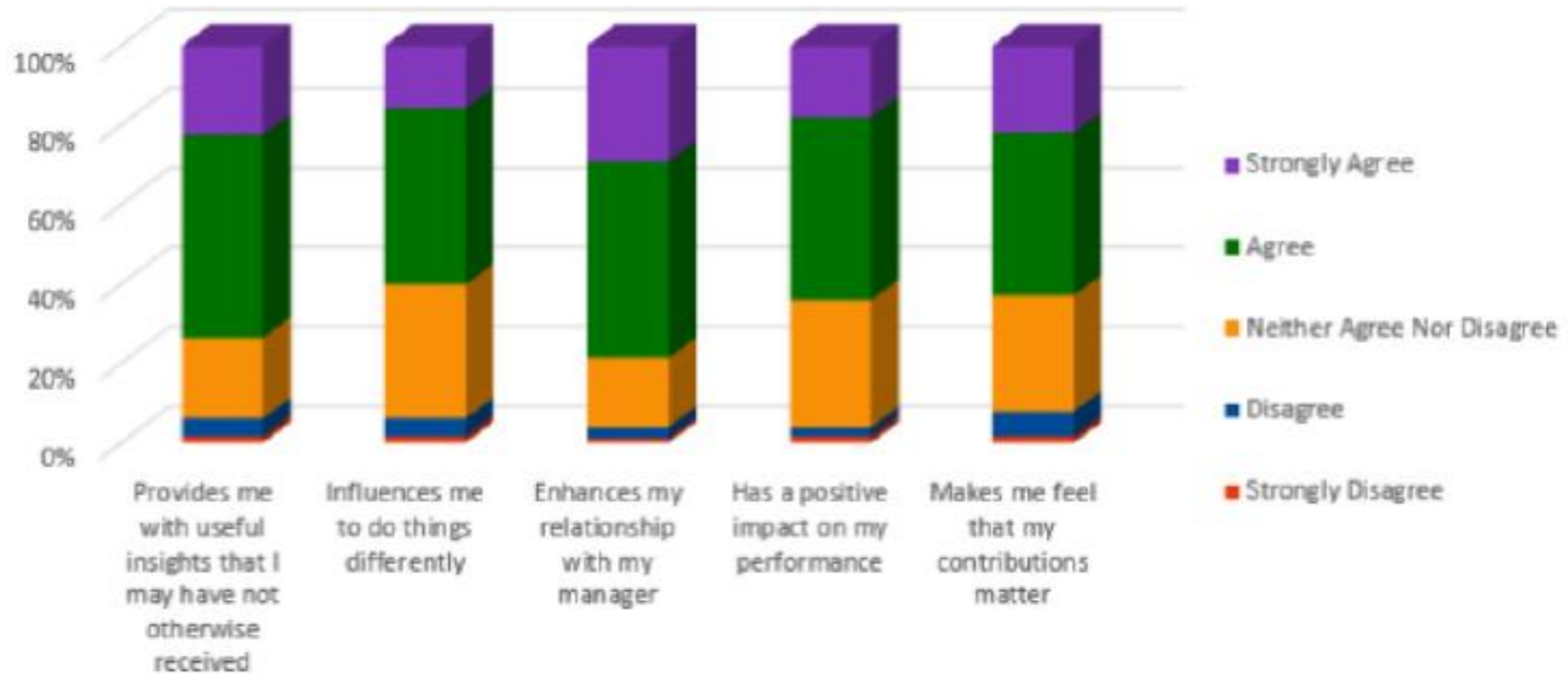
- engage@\_\_\_\_\_
- talk, learn, grow
- engage, elevate, excel
- career pathways
- forward focus
- conversations to collaborate
- check-ins



# Indicate your level of agreement with each of the following statements

## Having 10-Minute Conversations with my manager...

(178 responses)



23%	16%	29%	18%	22%	Strongly Agree
51%	44%	50%	46%	41%	Agree
20%	34%	17%	32%	29%	Neither Agree Nor Disagree
4%	4%	3%	2%	6%	Disagree
2%	2%	1%	2%	2%	Strongly Disagree

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