

# Change the Narrative of Performance Management from “I have to” to “I want to.”

Presenter:

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# Assumption #1

*A performance management program should:*

- *Be fair to all*
- *Help people improve performance*
- *Help leaders make better HR decisions*

## Assumption #2

*Most performance management programs miss the mark because:*

- *They don't engage people to be their best;*
- *The appraisal is a time-consuming, administrative task; &*
- *Lack data analytics that can help an organization improve.*

## Assumption #3

*HR departments want a great performance management program but many struggle to get the buy-in to change.*

# Learning Objectives

- 1 How to build the case for a better performance management program for your organization.
- 2 Best practices to implement a new performance management program that avoids headaches and wins the hearts of your stakeholders.
- 3 Success metrics to evaluate how well a performance management initiative impacts an organization - an ROI calculator.

# Create *buy-in* to move forward by addressing wants



# What motivates you most?

There are many things that motivate us. But the **most powerful motivator of all is FEAR.**

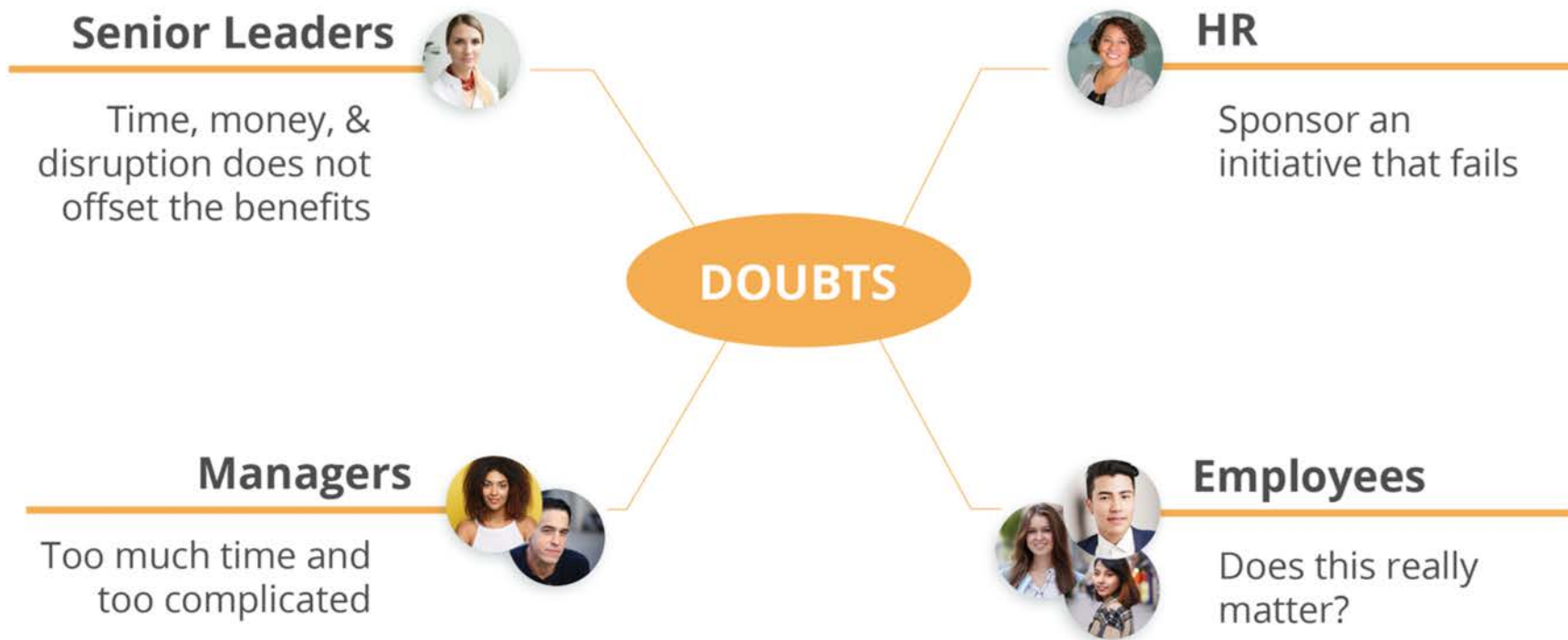
Fear is a primal instinct that served us as cave dwellers and today. It keeps us alive, because if we survive a bad experience, we never forget how to avoid it in the future. Our most vivid memories are born in Fear.

*Psychology Today, September 2009*



We must **eliminate doubt** to complete the process of buy-in.

# Create *willingness to consider something different* by addressing doubts



# Make the Case to Senior Leadership



# We need to change to stay competitive

(FOMO that's real)



Performance Management is not DEAD, it's being REINVENTED!

TALENT MANAGEMENT

## Why More and More Companies Are Ditching Performance Ratings

by David Rock and Beth Jones

SEPTEMBER 08, 2015

ASSESSING PERFORMANCE

## The Performance Management Revolution

by Peter Cappelli and Anna Tavis

FROM THE OCTOBER 2016 ISSUE

# Effective Performance Management Engages and Inspires <sup>10</sup>

## INSPIRED EMPLOYEES...

Get meaning and inspiration from the company's mission

Are inspired by the leaders in their company

## PRODUCTIVITY

225%

## ENGAGED EMPLOYEES...

Are part of a great team

Are empowered and not micro-managed

Have an opportunity to learn and grow

Make a difference and have an impact

144%

## SATISFIED EMPLOYEES...

Have a safe work environment

Have the tools, training, and resources to do their job well

Can get their jobs done efficiently, without excess bureaucracy

Are valued and rewarded fairly

100% vs 77% for unsatisfied employees

# The Performance-Values Matrix

Performance / Goal Attainment	<p><b>Misalignment</b></p> <ul style="list-style-type: none"> <li>Employee is achieving goals, but is displaying behaviors / attitudes that do not support the company culture and may be negatively affecting the team.</li> <li>Coaching should focus on changing behaviors / attitude.</li> <li>It is usually more difficult to coach behaviors than performance -- You may find it beneficial to utilize a DISC Behavioral Assessment.</li> </ul>	<p><b>Stars</b></p> <ul style="list-style-type: none"> <li>Employee is achieving desired performance and is a great team player.</li> <li>Coaching should focus on career advancement and continuous improvement.</li> <li>Potentially a mentor for other team members.</li> <li>It's important to help Star employees achieve their personal vision.</li> </ul>
	<p><b>Right Fit?</b></p> <ul style="list-style-type: none"> <li>Employee does not demonstrate the behaviors and attitude to support the company culture; Employee also does not achieve the desired performance level.</li> <li>Coaching should focus on rapid improvement in both areas or encouraged to work elsewhere.</li> <li>Managers often keep Anchors on the team too long -- Avoid doing this.</li> </ul>	<p><b>Potential</b></p> <ul style="list-style-type: none"> <li>Employee demonstrates required behaviors and attitude, but has not achieved desired performance level.</li> <li>Coaching should focus on skills and knowledge.</li> <li>Employee will probably become a star if they have the capacity to learn and perform.</li> <li>You may want to explore if another position is better suited for the employee.</li> </ul>

Behaviors / Attitude / Culture Fit



# Behaviors that Support your Core Values are just as Important as Results

Wells Fargo has uncovered up to 1.4 million more fake accounts after digging deeper into the bank's broken sales culture.

The findings show that Wells Fargo's problems are worse than the bank previously admitted to when the [scandal began almost a year ago](#).

Wells Fargo ([WFC](#)) now says it has found a total of up to 3.5 million potentially fake bank and credit card accounts, up from its earlier tally of approximately 2.1 million. In other words, there are two-thirds more fake accounts than previously realized.



# Address the Fear - Consider starting with a Test Pilot

1

Find managers who **want better tools** to coach their team

2

Identify success metrics

3

Training

4

Evaluate results in 90 to 180-days



*Neil Armstrong – The most famous  
Test Pilot*

# Success Metrics

Appreciation, Coaching & Evaluation



The three types of feedback people  
need to be engaged



*The purpose of our performance management pilot is to evaluate how the program embraces appreciation, personal development and performance feedback.*

1. Did the program support recognition and appreciation?  
Strongly Disagree, Disagree, Somewhat Agree, Agree, Strongly Agree
2. Did the program provide feedback that helped you personally develop your skills and strengths?
3. Did the program help you provide clear expectations for your responsibilities and how your work supports our organization's mission?
4. Did your manager deliver timely and fair feedback regarding your performance?
5. Do you recommend we continue using the program?
6. HR / Leadership – Will the data generated from the program help us make better decisions?

# Determine the ROI

Number of Employees:	60		
Average Employee Compensation:	\$65,000		
Annual Company Revenue:	\$11,700,000		
Annual Company Net Profit:	\$1,404,000		
ROI Based on % of Improvement:	5%	13%	21%
Additional Revenue:	\$585,000	\$1,521,000	\$2,457,000
Additional Profit:	\$70,200	\$182,520	\$294,840
Add'l Rev / EE	\$9,750	\$25,350	\$40,950
Add'l Profit / EE	\$1,170	\$3,042	\$4,914
<b>Profit Increase Driven By:*</b>			
Lower Absenteeism:	41%		
Lower Turnover (High-Turnover Organizations):	24%		
Lower Turnover (Low-Turnover Organizations):	59%		
Less Shrinkage:	28%		
Fewer Employee Safety Incidents:	70%		
Fewer Patient Safety Incidents:	58%		
Fewer Quality Incidents (Defects):	40%		
Higher Customer Service:	10%		
Higher Productivity:	17%		

\*Companies who rank in the top quartile of employee engagement experience the corresponding % differences in these metrics than companies in the bottom quartiles.

Companies who rank in the top quartile of employee engagement have 21% higher profitability: Gallup - 2017 State of the Workplace.

Request a free copy of the calculator at  
Hello@PerformanceCulture.com

Software investment for 60 employees is \$4K/year

# Make the Case to Managers



# Manager Expectations

Managers want HR to provide tools and a process that helps them effectively and *efficiently* appreciate, coach and evaluate their team members.

The process and supporting tools must be *easy to use*.

# Training

1

## Clear expectations

- What success looks like
- How responsibilities support the organization's mission

2

## Crucial and authentic conversations

3

## Debunk false assumptions managers make

### Employees

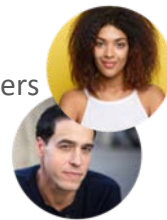
50%

Strongly agree they know what is expected of them at work



5 to 9.5x  
Higher  
Engagement

When managers help with priorities and hold team members accountable for performance



Source: <https://news.gallup.com/businessjournal/186164/employees-don-know-expected-work.aspx>

# Make the Case to Employees



# Employee Expectations

Employees want managers to provide genuine, candid feedback and to care about employee development.

This includes:

- Appreciation
- Coaching
- Evaluation



Employees **rebelled** at an insurance company for “Shadow Ratings” they didn’t know about.

HBR, The Future of Performance Reviews, June 2016






Companies that got rid of performance ratings have dropped 10% in performance.

CEB, Huffington Post June, 2016

# Make the Case to Human Resources



# Human Resources as a Strategic Partner

-  Change Performance Management from an administrative task to a **strategic process** that makes the organization and its people better.
-  **Limit risk** through pilots and training.
-  Implement a process for managers and employees that is **easy to follow** and easy for HR to manage.

# Sounds great, what are the next steps?

1

## Senior leadership buy-in

- ROI, Culture Alignment, Test Pilot

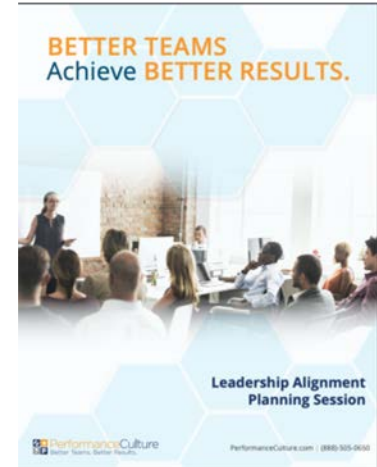
2

## Select managers who want something better

- Train managers & employees
- Survey success metrics

3

## Rollout to entire organization with proof it works



<https://performanceculture.com/wp-content/uploads/2019/06/Performance-Culture-Leadership-Alignment-Workshop.pdf>

A full-page background image showing a person standing on the edge of a high, rocky mountain peak. The person is seen from behind, wearing a backpack and has their arms raised in a 'V' shape, signifying achievement or triumph. Below the peak, a deep valley unfolds, showing a small town, green fields, and dense forests. The sky is filled with large, white, fluffy clouds against a bright blue background.

**Don't give up.  
Don't EVER give up.**

Jim Valvano

# Questions?