Developing a Performance Management Strategy that Works
A “Performance Management Philosophy” is the organization’s belief about how people should be managed to achieve the performance that the organization needs to succeed.

-Bersin by Deloitte
Performance Management Journey

The Evolution of Performance Management

- **Evolving From**
  - Annual Event
  - Burdensome, Fixed
  - Centralized, Deferred
  - Appraisal Focused
  - Remediation

- **Evolving To**
  - Ongoing Business Process
  - Flexible, Agile, Simple
  - Local, Real-Time
  - Development-Focused
  - Continuous Improvement

Source: Bersin by Deloitte research 2014
ADP Acquires The Marcus Buckingham Company

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How Can ADP Help Businesses Modernize Their HR Function?

- WFN Payroll
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- Analytics
- Benchmarking
- AVS

and more...
Developing a Performance Management Strategy that Works
Workshop
Why does a Performance Management Strategy matter?

What is a Performance Management philosophy? How are Performance Management practices shifting?

What should I consider when thinking about when developing or updating my performance management approach?

- What data elements are important when starting or updating a Performance Management strategy? (Business Strategy, Culture, Workforce Demographics)

What are some of the best practices in the marketplace?
Performance Management has Potential to Impact the Bottom Line

Top Drivers of ROI for Talent Management in the Future (Employers only)

- Performance Management: 33%
- Workforce Analytics: 31%
- Onboarding Planning: 29%
- Compensation Management: 26%
- Recruitment Strategies: 26%
- Succession Planning: 21%
- Learning Management: 18%
- Career Planning: 14%

*Which of the following aspects do you believe will drive the ROI of talent management in the future? Select the top two.*
Research Tell Us that This is what our Workforce Wants

Invest in my career and my development if you want to retain and engage me!

Figure 1. The simply irresistible organization®
What we have learned: Five elements drive engagement

<table>
<thead>
<tr>
<th>Meaningful work</th>
<th>Hands-on management</th>
<th>Positive work environment</th>
<th>Growth opportunity</th>
<th>Trust in leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>Clear, transparent goals</td>
<td>Flexible work environment</td>
<td>Training and support on the job</td>
<td>Mission and purpose</td>
</tr>
<tr>
<td>Select to fit</td>
<td>Coaching</td>
<td>Humanistic workplace</td>
<td>Facilitated talent mobility</td>
<td>Continuous investment in people</td>
</tr>
<tr>
<td>Small, empowered teams</td>
<td>Invest in management development</td>
<td>Culture of recognition</td>
<td>Self-directed, dynamic learning</td>
<td>Transparency and honesty</td>
</tr>
<tr>
<td>Time for slack</td>
<td>Modern performance management</td>
<td>Inclusive, diverse work environment</td>
<td>High-impact learning culture</td>
<td>Inspiration</td>
</tr>
</tbody>
</table>

A focus on simplicity

Graphic: Deloitte University Press | DUPress.com

Becoming irresistible: A new model for Employee Engagement
Deloitte, Josh Bersin, January 2015
No One Looks Forward to a Performance Review
What is the ROI?

2016 ADP Employee Engagement Study

- 60% of employees are looking for growth in their current companies.
- 72% of employers believe performance reviews are important milestones for development and advancement, but only 54% of employees agree.
- 15% of employees say they have defined development goals.
- 44% of employees have received a performance review.
Unlocking Human Performance is a Key Organizational Focus

Lack of confidence in Performance Management is driving change

More than half of executives surveyed believe their current performance management approach drives neither employee engagement nor high performance

58%

79% of executives surveyed believe a redesign of the Performance Management process is ‘Very Important’

79%

Source: 2015 Harvard Business Review Reinventing Performance Management by Marcus Buckingham and Ashley Goodall
2017 Deloitte Human Capital Trends
Retaining **Top Talent**

“High performers are attracted to companies that are committed to pay for performance, whereas low performers self-select out of these organizations.”

Help employees see links to performance
Engage higher performers and reduce turnover

**Differentiation is key**, and keeping highest performers engaged

Let’s Hear from You

• Is your organization currently using Workforce Now Performance Management?
• Is your organization currently using a manual/paper process?
• Is your organization considering reengineering the Performance Management processes?

Share your thoughts on Twitter #procon
In Room Poll: How Effective is Your Performance Management Process at Achieving its Goals?

- Not at all!
- Somewhat
- Very Effective
- “I’m not sure what our goals are anymore!”
In Room Poll: What Are Your Plans With Performance Management?

• We plan to review and change our process soon (or actively doing now)

• We reviewed and updated our process in the last 18 months

• We love our current process have no plans to review our process
Developing a Performance Management Strategy that Works

What is a Performance Management philosophy? How are Performance Management practices shifting?
A “Performance Management Philosophy” is the organization’s belief about how people should be managed to achieve the performance that the organization needs to succeed.

-Bersin by Deloitte
In the Room: What is Your Philosophy?

What’s the purpose of Performance Management in your organization?

Why is that your purpose?
Performance Management Practices – Change is Here!
Performance Management Trends

- From cascading objectives to agile goals
- From annual reviews to regular feedback and coaching
- From improving weaknesses to leveraging strengths
- From individual task performance to enterprise contribution
- From one manager’s perspective to multiple viewpoints
- From a single process with many purposes to multiple processes with singular focus
Developing a Performance Management Strategy that Works

What should I consider when thinking about when developing or updating my performance management approach?
Start with Strategy and Understand YOUR Talent Landscape

- Goals
- Business Strategy / Vision
- Challenges

- Work Processes and Initiatives
- HR Strategy
- Culture

- Talent Management Strategy
- HR Service Delivery Strategy
- HR Technology Strategy

- Workforce Demographics
- Leader Impact Statistics
- Engagement Results
## Context Matters: Different Approaches for Different Purposes

<table>
<thead>
<tr>
<th>Business/Talent Context</th>
<th>Potential Performance Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>• High growth</td>
<td>• Agile goal setting</td>
</tr>
<tr>
<td>• Aggressive market expansion</td>
<td>• Employee driven</td>
</tr>
<tr>
<td>• Highly creative and innovative industry</td>
<td>• No formal ratings</td>
</tr>
<tr>
<td>• Deep client relationships</td>
<td>• Formal review to pinpoint peak performers</td>
</tr>
<tr>
<td>• Significant strategic and organizational change</td>
<td>• Cascading goals</td>
</tr>
<tr>
<td>• High cost of key talent</td>
<td>• Clear reward linkages</td>
</tr>
<tr>
<td>• Project-based work</td>
<td>• Reviews triggered based on project timelines</td>
</tr>
<tr>
<td>• Lack of managerial oversight</td>
<td>• Peer feedback stressed</td>
</tr>
<tr>
<td>• Employment value proposition of development</td>
<td>• High importance of coaching</td>
</tr>
</tbody>
</table>
Practical Considerations for Any Change

Manager skills

Organizational readiness

Executive support

Communicate, Communicate, Communicate
Organizational Readiness

Given the Visible and Personal Nature of Performance Reviews...Significant time needs to be spend on managing change:

Vision – Why change?
Skills – Can we change?
Incentives – Tell me why I should change?
Resources – Help me change!
Action – Did we change?
Developing a Performance Management Strategy that Works

Best Practice Sharing: Our ADP Journey and Other Great Companies In Action
ADP’s Approach and Purpose

What is Performance at ADP?

\[ P = f(B + C + I + R) \]

Performance is a function of:
- Behavior, Contribution, Impact, and Results

Performance Management is:
- A continuous process for enabling associates and managers to focus on what matters

Pay for Performance is:
- Differentiating rewards based on differentiated levels of performance
ADP’s Performance Levels and Calibration

Performance Levels (Ratings) for FY 2015

<table>
<thead>
<tr>
<th>Performance Level Value</th>
<th>Performance Level</th>
<th>Recommended % of Population</th>
<th>Short Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 (4.5 - 5.0)</td>
<td>Role Model: Exceptional Performance</td>
<td>0-5%</td>
<td>Performance at this level is uniquely exceptional and has highly significant positive impact.</td>
</tr>
<tr>
<td>4 (4.0 - 4.4)</td>
<td>Excellent: Very Strong Performance</td>
<td>5-15%</td>
<td>Performance at this level is excellent and has significant positive impact.</td>
</tr>
<tr>
<td>3 (3.0 - 3.9)</td>
<td>Valued: Strong Performance</td>
<td>65% - 70%</td>
<td>Performance at this level is strong and has valuable contribution.</td>
</tr>
<tr>
<td>2 (2.0 - 2.9)</td>
<td>Improvement Needed: Inconsistent Performance</td>
<td>0-10%</td>
<td>Performance at this level is inconsistent and results in insufficient contribution.</td>
</tr>
<tr>
<td>1 (1.0 - 1.9)</td>
<td>Immediate Action Required: Unsatisfactory Performance</td>
<td>0%</td>
<td>Performance at this level is unsatisfactory and has a negative impact on the organization.</td>
</tr>
</tbody>
</table>

Performance Calibration Redefined

Processes to ensure accuracy, consistency, and fairness in the standards for assessing associate performance. Effective calibration helps to ensure that associates who put in the same level of effort and achieve the same level of success in similar roles/levels receive similar rewards.

Calibration Phases

Create and Calibrate on Goals, Calibrate on Performance Levels, Check Point, Year-end Calibration

Each phase provides input to a robust performance discussion between managers and associates.
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Josh Bersin @Josh_Bersin 20m
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Adobe’s Approach

• Check – In Approach: Focus on continuous dialogue and coaching conversations

• Approach:
  o Employee or manager can request a ‘check-in’ every three months
  o Before the meeting, a group of employees provides feedback on the employee’s performance
  o Training is provided to managers on holding an effective ‘check-in’
  o Senior managers share their ‘check-ins’ so they can model the behavior
  o New employees receive training on the ‘check-in’ process during the onboarding process
Deloitte’s Approach

• Focus in on capturing quality data to help identify and recognize top performers

• Approach:
  o Employees report on weekly priorities
  o Managers hold weekly check-ins to keep performance on course and accelerate development
  o Managers/project leaders respond to a quarterly survey about the employee
  o Data is aggregated over time
General Electric’s Approach

• Focus is on employee development and employee ownership of the process

• Approach:
  o Frequent documentation of priorities and information
  o Feed-forward can be provided any time to any one
  o Monthly summaries are developed by the employee and discussed with the manager
  o Yearly summary is completed by the employee focusing on overall contribution
  o Managers validate the yearly summary
In Sum

- The popular press is distracting
- Gain clarity on a strategy driven purpose that meets YOUR business context
- Keep it simple
- For any change, consider organizational readiness and change leadership
- Tease apart debates of the philosophy and ultimate delivery
- Decide whether one process can realistically achieve all your goals
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In Class Support
What’s the purpose of Performance Management in your organization?

Why is that your purpose?

Is your current PM process structured and implemented to achieve that purpose?

If not, how would your PM structure and process be different than it is now?

What are the obstacles? What’s stopping you from changing your PM structure or process?

How will you effectively lead a change for your organization, including the behavior change that would be required for all of those affected?