



## TALENT CURRICULUM



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*Each module in the series contains an explanation of the topic, case studies, considerations and activities to reflect on for your organization*

# When done right, performance management is a comprehensive process that drives employee development and company results

- PM involves defining performance expectations, assessing employee performance, and providing feedback on the same to employees
- PM plays a critical role in an organization, helping leaders to:
  - Improve communication between employees and managers
  - Support employees to grow and improve effectively
  - Identify low performers to target support for performance improvement
  - Identify high performers target efforts to retain / develop future leaders
  - Make and communicating defensible pay and promotion decisions
- PM is often associated with just the appraisal process; in fact, to be effective it needs to be a much larger system extending beyond annual reviews

## Your PM system should drive results

**A global PWC analysis showed that effective performance management delivers tangible results<sup>1</sup>:**

**+3%**

Improvement in employee productivity

**+5%**

Increase in time spent on strategic priorities

**+15%**

Jump in project completion rates

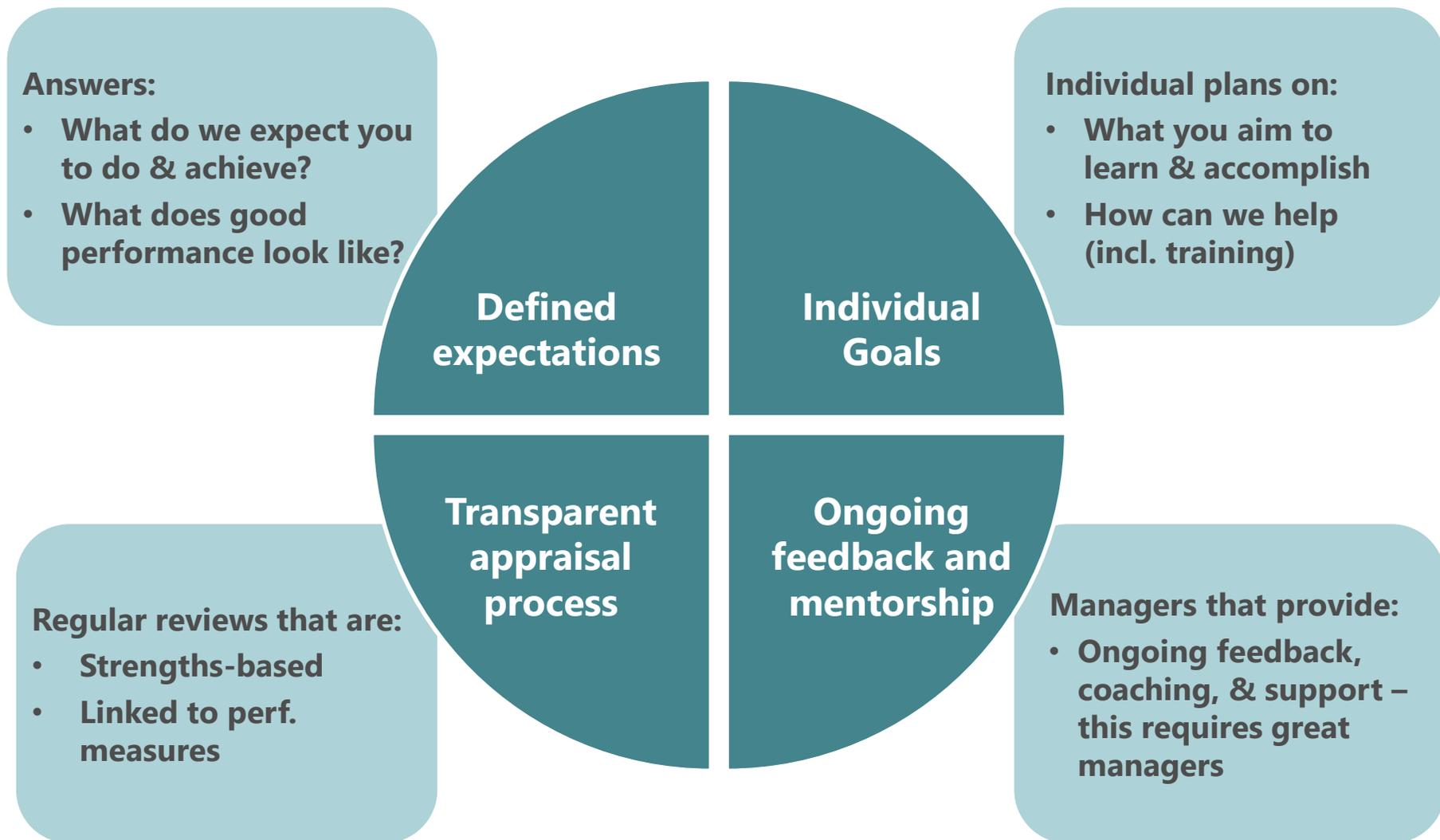
**-13%**

Decrease in turnover rates<sup>1</sup>

# PM is evolving away from hierarchical, top-down systems towards models that aim to support and empower employees to succeed

	Driven by output	Driven by profitability & growth	Driven by team performance	Driven by employee development
	<i>Today</i> 			
<b>Perspective</b>	The corporation viewed people as "workers"	Leaders as the "kings" of the corporation	Leaders lead by example & empower employees	Management are now "coaches"
<b>Goal</b>	Goals focused on production	Top-down, cascading goals	Organization-wide goals	Aligned but localized goals amongst teams
<b>Philosophy on PM</b>	Focusing on output would drive efficiency	The "bottom line" was the best measure of perf.	Team success was paramount	Development of individual goals was paramount
	<b>Example:</b> Henry Ford of Ford Motors	<b>Example:</b> Jack Welch of GE	<b>Example:</b> Steve Jobs of Apple	<b>Example:</b> Google, Netflix

# There are 4 key components that you need to have in place to meet the performance management needs of today's workforce



# Deloitte used similar principles to radically re-define their performance management system

# Deloitte.

## Company overview

New York City-based UK incorporated multinational company providing professional services

- **Industry:** Auditing and consulting
- Provides risk, tax, audit and assurance, financial advisory and management consulting services
- **Revenue:** \$36.8B (2016)
- **Employees:** 244, 400 (2016)

## The challenge

- Appraisal process consumed >2M hours / year
- 58% of executives thought system **drove neither performance nor engagement**

## Intervention

- **Defined expectations:** Reinforced use of weekly check ins to define priorities and discuss work
- **Individual goals:** Set and managed with a strengths-focused, weekly, self-assessment tool
- **Formal reviews:** Asked managers what they would 'do' and not what they thought about specific skills
- **Coaching and feedback:** Made coaching managers' job; empowered junior staff to make it happen

## Outcomes

*"We [now] see the possibility of shifting from ascertaining the facts of performance to considering what we should do in response to those facts"*

# General Electric has also adopted similar principles in re-defining their performance management system



## Company overview

### Multinational conglomerate with headquarters in Boston

- **Industry:** Conglomerate
- Provides a wide range of industrial solutions for clients across several sectors including oil and gas, aviation, automotive mining, and healthcare
- **Revenue:** \$123.7B (2016)
- **Employees:** 333, 000 (2016)

## The challenge

- GE used a “vitality curve” system which ranked employees according to performance and then fired the bottom 10%
- Management reviewed the system and concluded that it felt more of a ritual than a tool for progress

## Intervention

- **PD@GE:** Software used to manage employees’ performance development instead of the old ranking system
- **Individual goals:** Set and managed by managers using the PD@GE tool
- **Feedback:** Employees can give and receive feedback at any point from their managers using the new software

## Outcomes

- Improvement in employees’ willingness to learn
- Over 25,000 staff embraced the system within the first roll out and reported positive attitude towards feedback and performance development

# The effectiveness of the system will depend on management's commitment to the following principles

1

## Know your own goals

- Agree on what 'good' performance is and how important rewarding it is
- Agree on how underperformance will be managed and commit resources

2

## Get people talking

- Embed performance and development discussions into day-to-day work
- Everyone is responsible for collecting feedback
- Promote team members' strengths and make peer-to-peer learning the norm

3

## Assess accurately

- Solicit feedback broadly – but don't weigh it equally
- Be honest about which metrics are "hard" vs subjective
- Find ways to move past bias (e.g., concrete examples, 'stop, start, continue')

4

## Support thoughtfully

- Focus on forward-looking, strengths-based, coaching for high AND low performers – but think carefully about high performer retention
- Prepare for and have the tough conversations – ask peers for support!

5

## Align systems

- **Career paths:** Create development opportunities for high performers
- **Learning & Development:** Align learning opportunities to needs identified
- **Compensation:** Money talks – make sure it sends the right message

# Where are current systems driving the right outcomes for your org.? Where do you see opportunity for improvement?

1

## Know your own goals

What are your organization's performance expectations for your employees & have you communicated this to them?

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2

## Get people talking

Do employees discuss their performance with each other and give each other feedback and support?

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3

## Assess accurately

Does the performance appraisal system in place ensure that you get unbiased, fair assessment of employees?

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4

## Support thoughtfully

Do you offer support that retains and rewards high performers and develops low performers?

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5

## Align systems

Is your performance management system linked to others such as career paths, learning and development, compensation, etc.?

**Worksheet: Rank these five areas in order of performance, explain your rationale for the rank and outline areas for change**

	<i>Rank</i>	<i>Rationale for ranking</i>	<i>What should change?</i>
<b>1</b> Know your own goals	<b>/5</b>		
<b>2</b> Get people talking	<b>/5</b>		
<b>3</b> Assess accurately	<b>/5</b>		
<b>4</b> Support thoughtfully	<b>/5</b>		
<b>5</b> Align systems	<b>/5</b>		



# Performance Management

responsibility effectiveness efficiency  
program strengths-based discuss  
content transparency assessment  
review setting expectations talent  
capacity management mentorship outcomes  
opportunities education goals culture  
systems accountability culture formal  
targets appraisal informal purpose

*Are you interested in:*

- ✓ *Evaluating your organization's performance management systems?*
- ✓ *Understanding your strengths & weaknesses?*
- ✓ *Comparing your organization's performance against peers?*

*Reach out to:*

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or

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<https://opencapitaladvisors.com/talent-diagnostic/>