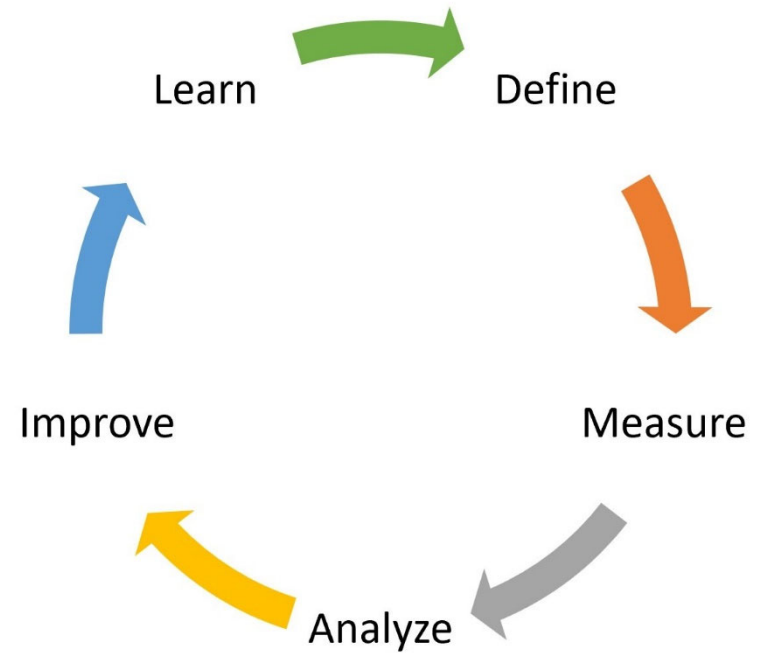


▶ PEXA

Case Study: Improving Performance Management



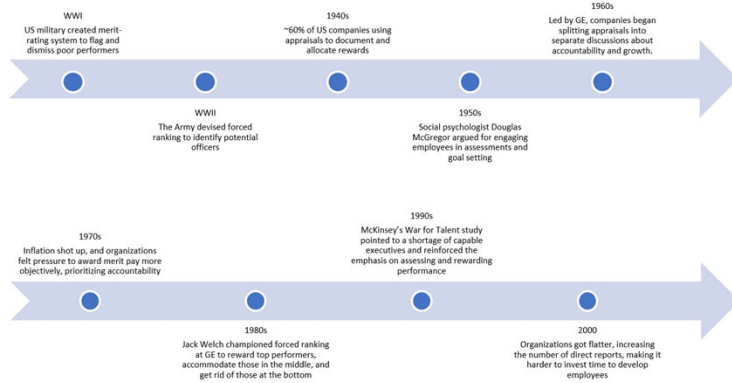
Process Summary



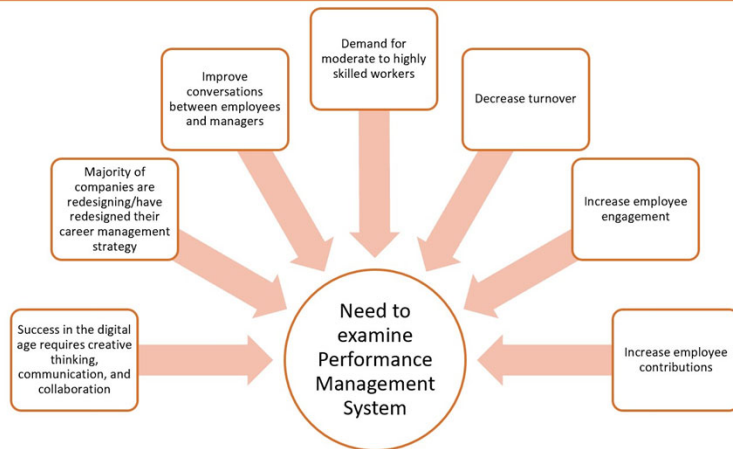
Measure



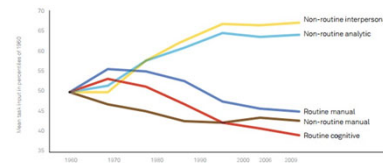
Performance Management Trends



Human Capital Trends



Human Capital Trends



Source: David H. Autor and Brendan M. Price, "The Changing Sex Composition of the US Labor Market: an Update of Autor, Levy and Murnane (2002)", MIT Monograph, Massachusetts Institute of Technology, 2013.

Skills for a Changing World – Brookings.edu 5/2016

- Digital revolution is changing causing a higher demand on moderate to highly skilled jobs.
- In the digital economy, there is a growing need for complex reasoning and creative thinking as well as collaboration and communication.

Deloitte 2017 Human Capital Trends

- 88% of companies believe they need to redesign their organization to succeed in the digital age
- 70% of companies are designing or recently redesigned their entire career management strategy
- 90% of companies that have designed performance management see direct improvements in engagement
- 83% see improvement in quality of conversations between employees and managers

Officevibe 2014 Employee Feedback Statistics

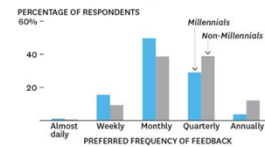
- 14.9% lower turnover rates in companies that implement regular employee feedback
- 40% of workers are actively disengaged when they get little or no feedback
- 69% of employees say they would work harder if they felt their efforts were better recognized



Millennials in the Workforce

HOW OFTEN EMPLOYEES WANT FEEDBACK FROM MANAGERS

Most millennials prefer monthly.



- Millennials grown up in instant access feedback cycle of the internet and social media. Emerald Insight psychology study of college students from 1938 to 2007, showed millennials had more self-esteem but more anxiety than any other generation. Hence the desire for constant feedback.

- Millennials seek an approachable manager who inspires and empowers them.

2015 TriNet Survey

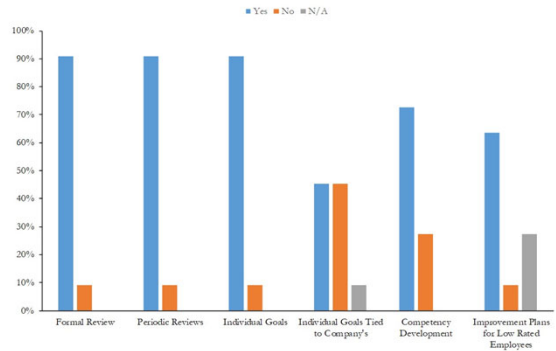
- 62% of millennials felt "blindsided" by annual performance reviews,
- 74% frequently feel "in the dark about how managers and peers think they're performing at work"
- 47% feel that receiving a performance review makes them feel like they can't do anything right
- 28% of millennials have reacted to a performance review by looking for a new job

Source: "Millennials want to be coached at work" Harvard Business Review and TriNet 2015 Millennial Survey

Analyze

▶ PEXA

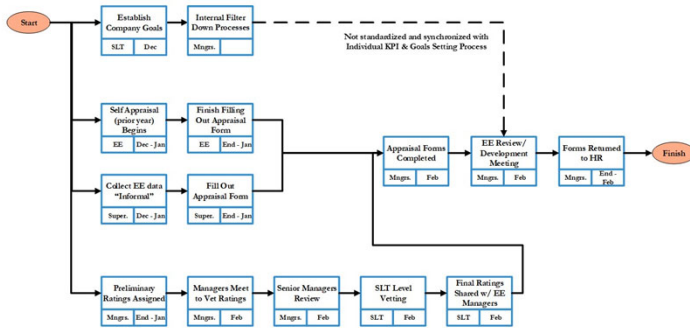
External Company Survey



Most of the companies use formal and periodic reviews, individual goals, and competency development during the appraisal process

▶ PEXA

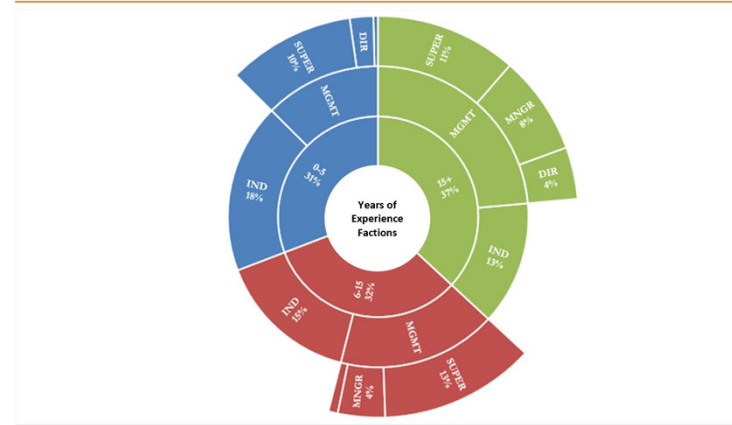
Current State – Process Map



Current Process is a once a year process started each December to January and typically completed by end of March

▶ PEXA

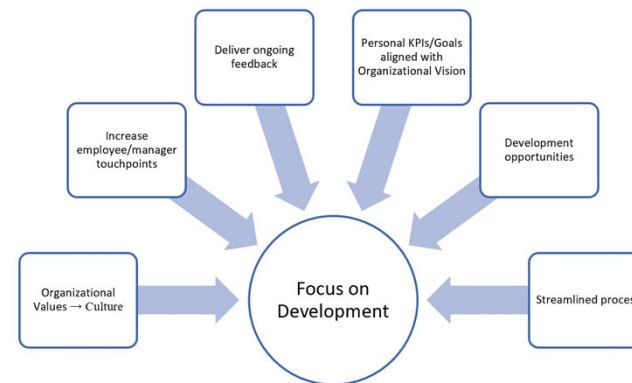
Current State – Company Wide Survey Results: Factions



Company wide survey response was high at approximately 70% (263 total responses) with a relatively even distribution between the years of experience groupings (0-5: 31%, 6-15: 32%, 15+: 37%) and overall split between Individuals (47%) and Management (53%)

▶ PEXA

Voice of the Customer – Performance Management Guiding Principles



Guiding principles VOC data from employees, managers and SLT

Improve

New Process Milestone Calendar

December	*January	February	March	*April
Board Sets Bonus/Merit Pool Approved by BOD Employee completes 4Q input and starts filling out new year "Employee Development Plan"	1 x 1: Prior Year 4Q Closeout w/ Mgr. & New Year Planning Begins Note: May start in December as needed but must be complete by end of January		Bonus Distributed (if approved)	Merit Effective (if approved) 1 x 1: 1Q Update Complete by end of first pay period in April
	May	*June	July	August
		1 x 1: 2Q Update Employees scheduled throughout month		
	*September	October	November	December
	1 x 1: 3Q Update Employees scheduled throughout month			Board Sets Bonus/Merit Pool Approved by BOD Employee completes 4Q input and starts filling out new year "Employee Development Plan"

Core Competencies by Contribution Level

Individual Contributor	Mid-Senior Level Contributor	First Level Leader/Supervisor	Mid-Level Leader	Business Unit Leader
Communicates Effectively	Communicates Effectively	Communicates Effectively	Communicates Effectively	Communicates Effectively
Optimizes Work Processes	Resourcefulness	Instills Trust	Develops Talent	Strategic Mindset
Action Oriented	Collaborates	Manages Conflict	Plans and Aligns	Builds Teams
Collaborates	Interpersonal Savvy	Develops Talent	Drives Results	Ensures Accountability

Competency Model

- A study of the organization shows all roles fit within level definitions from the Korn Ferry Leadership Architect
- Further, a common set of competencies is established for each contribution level, which contains a wide range of jobs
- Contribution level specific competencies: a.) enables collective performance improvement; b.) establishes a link to business strategy; and c.) develops career pathing

Level Definitions:

- **Individual contributor**
Individuals who perform predefined responsibilities or deal with technical/functional problems according to established standards and processes with limited discretionary performance or decision-making authority.
- **Mid-senior level individual contributor**
Functional and/or technical experts given the authority to develop tools and processes or provide specialized skills; may often serve as advisors or project leaders, though they have no direct reports to manage.
- **First level leader or supervisor**
Those in first-line management positions who have individual contributors reporting to them.
- **Mid-level leader**
Managers and directors who lead other managers within a business or corporate function, product line, or region.
- **Business unit leader**
Leaders with full responsibility for a P&L unit, a function, or managing multiple functions (e.g. general manager, managing director).

Learn

2018 Transition Year – Employee Development Plan

What's new?

- List KPI's/Goals
- Values/Competencies
- Development plans
- Quarterly updates

What does this provide?

- Clear link to business strategy
- Focus on development
- Tool for employees and managers to use during quarterly conversations

Plans and Recommendations

2017

- Keep same rating system and form as 2016
- Inform employees of 2018 performance management process



2018

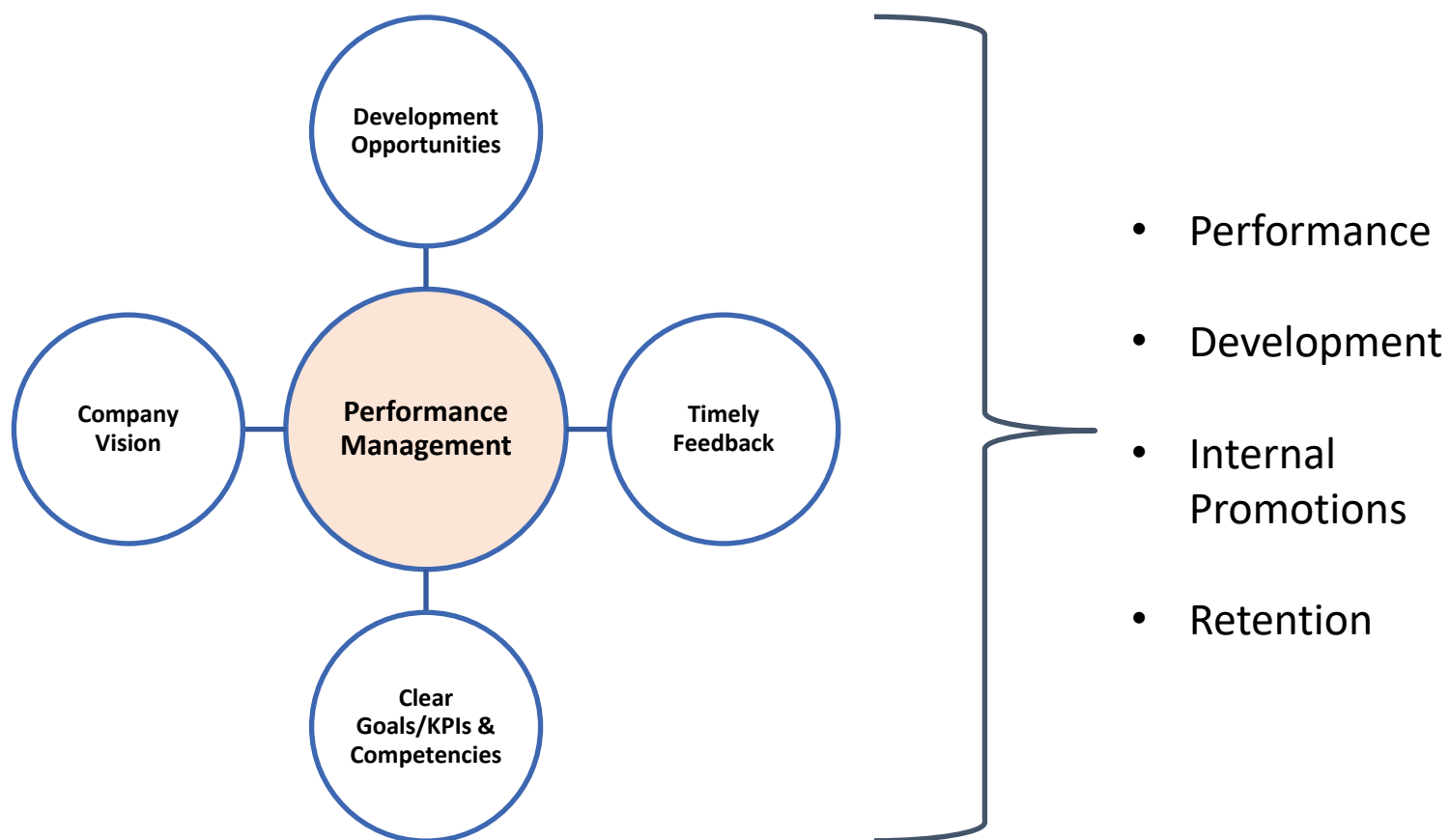
- Transition to new system 2Q 2018
- Focus on development
 - Quarterly touchpoints for manager/employee
- Leveling discussions continue to ensure consistency across the organization
- Future compensation based on a variety of factors including performance, current salary index, and peer comparison



2019 and Beyond

- First full year using new system
- Including all enhancements introduced in 2018

Summary



Introducing a consistent performance management system will help position for the future

[Learn more](#)

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