

IMPLEMENTATION TOOLKIT

MODULE 2: PERFORMANCE MANAGEMENT

PERFORMANCE MANAGEMENT

WHAT IT IS

A continual process of cultivating an environment which **enables employees to excel** and accomplish the organisation's goals



Establish collective objectives that are quantifiable and verifiable to focus employees' efforts towards achieving them



Assess and review employees' performances to **embark on a comprehensive action plan**



Provide steadfast support to employees in their personal growth and learning



Maintain ongoing engagement to **create a feedback-rich work environment**

WHAT IT IS

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PERFORMANCE MANAGEMENT

MAKING THE CASE FOR CHANGE

IMPORTANCE OF GOAL CLARITY



Goal clarity provides an employee with a sense of how they connect to overall business purpose and make an impact

TALENTS WANT TO KNOW WHERE THEY STAND



Thriving employees are 4x more likely to work for an organisation that understands their unique skills and interests

MEANINGFUL FEEDBACK



Employees want to work for companies that take the effort to get to know them personally and help them navigate in their professional development journey

FOR EMPLOYERS

Goal Cascading from Top to Bottom
Culture of Trust and Transparency

FOR EMPLOYERS

Identifying Key Talent
Rewarding Performance Equitably

FOR EMPLOYERS

Trained Managers on Performance
Conversations and Engagement

FOR EMPLOYEES

Understand How One's Role and
Performance Impact the Organisation

FOR EMPLOYEES

Feel Recognised and Appreciated for
One's Performance

FOR EMPLOYEES

Understand One's Blind Spots
Feel Valued as Part of a Team

“People are our most important asset. All of our strengths in the company are derived from the strength of our people”

– Marie Lee, ExxonMobil

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PERFORMANCE MANAGEMENT IMPLEMENTATION PLAN



1 SET STRATEGIC PM PHILOSOPHY

- Establish strategic organisational goals with senior leadership
- Gather key stakeholders' perspectives on achieving those goals



2 CASCADE AND COMMUNICATE GOALS

- Cascade corporate goals through business units, to functions, down to the individuals, ensuring alignment to both corporate and personal goals
- Communicate strategic objectives and how each performance measure supports its achievement



PERFORMANCE MANAGEMENT

4 EVALUATE AND REWARD PERFORMANCE

- Provide differentiated rewards between high and low performers across the performance scale
- Empower managers to provide discretionary rewards
- Conduct performance conversations and set new goals for the next year, reinforcing desired behaviours



3 MANAGE PERFORMANCE

- Track performance against targets and schedule periodic performance reviews
- Seek multiple sources of feedback
- Equip managers with the ability to:
 - Drive performance within their teams
 - Evaluate performance fairly
 - Conduct performance conversations
 - Coach poor performers

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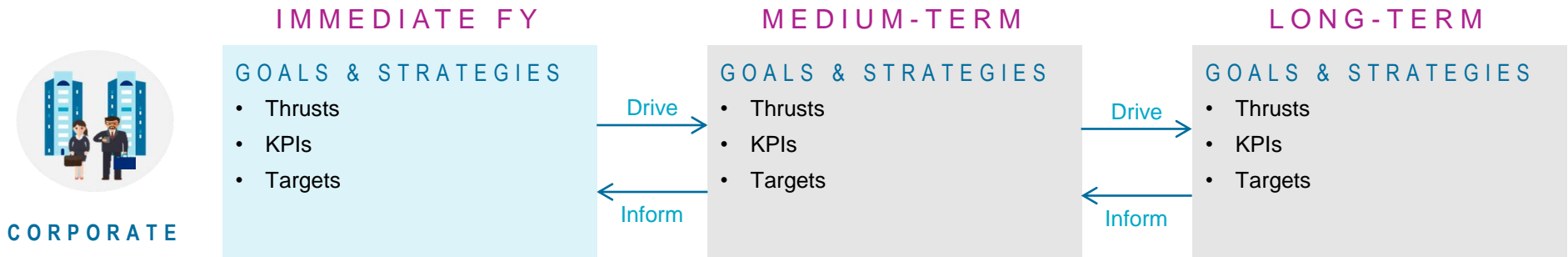
PERFORMANCE MANAGEMENT

STEP 1: SET STRATEGIC PM PHILOSOPHY



HR Has a Role to Play!
Goals might be set by the business, but HR plays a strategic role in ensuring that those goals can be met

MULTI-YEAR GOALS & STRATEGIES



- Establish strategic organisational goals with senior leadership, detailing the key thrusts, KPIs and targets needed in the short, medium and long term to support their vision and the immediate-term should be informed by medium-term and medium-term by long-term
- Provide strategic HR advice on whether the goals can be met based on the current workforce capabilities and what needs to be done to support those goals
- Gather key stakeholders' perspectives (i.e. business unit heads, country leads, etc) on their current capabilities and ability to meet those goals
- Identify the HR support required by business heads to meet the organisation's short and medium term goals

WHAT IT IS	MAKING THE CASE FOR CHANGE	IMPLEMENTATION STEP-BY-STEP	SELF-ASSESSMENT	SUCCESS STORIES
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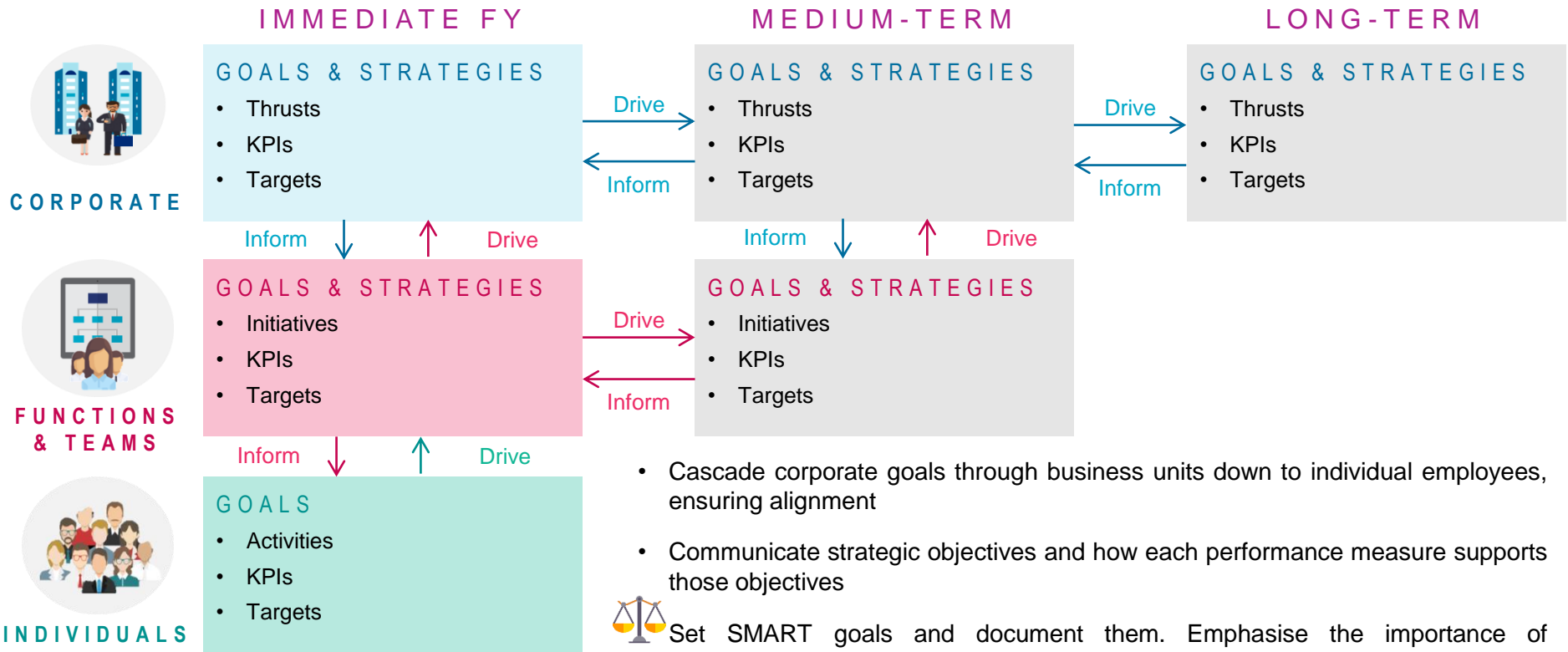
PERFORMANCE MANAGEMENT

STEP 2: CASCADE AND COMMUNICATE GOALS



CASCADE CORPORATE GOALS DOWN TO INDIVIDUALS

Provide a Clear Line of Sight!
 Employees are more engaged and motivated in meeting their performance goals when they can see how their actions influence the success of the organisation



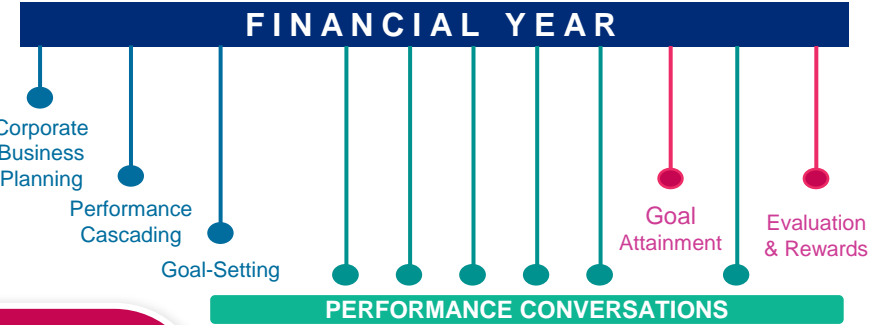
- Cascade corporate goals through business units down to individual employees, ensuring alignment
- Communicate strategic objectives and how each performance measure supports those objectives



Set SMART goals and document them. Emphasise the importance of measurability as that would lay a foundation for an objective and fair appraisal system

PERFORMANCE MANAGEMENT

STEP 3: MANAGE PERFORMANCE



TRACK PERFORMANCE

- Track performance against targets and schedule periodic performance reviews (e.g. monthly, quarterly, by project milestones)
- Seek multiple sources of performance feedback (e.g. self, manager, peers, customers) to provide a fair and holistic assessment

EQUIP MANAGERS

- Prior to each formal performance review, conduct trainings for managers to equip them with the ability to:
 - Drive performance within their teams
 - Evaluate performance fairly
 - Conduct performance conversations
 - Coach poor performers

CONDUCT PERFORMANCE CONVERSATIONS

- Managers should conduct formal performance conversations at least twice a year and have frequent informal conversations
- Performance conversations allow managers to:
 - Manage employee expectations
 - Give employees an opportunity voice their opinion
 - Identify performance gaps
 - Intervene in a timely manner to address poor performance



Equip Your Managers!
 A key success factor of the performance management process is how well managers are trained to conduct performance conversations and coach their direct reports

PERFORMANCE MANAGEMENT

STEP 4: EVALUATE AND REWARD PERFORMANCE



Power of Peer Influence

Having role models to champion certain desired behaviours are great motivators and provide an avenue where employees can learn from each other



DIFFERENTIATE REWARDS

- Consolidate, calibrate and communicate performance ratings
- Provide differentiated rewards between high and low performers



Cultivate a strong pay-for-performance culture within the organisation. Organisations should reward employees fairly, taking into account factors such as ability, performance, contribution, skills, knowledge and experience



EMPOWER MANAGERS

- Empower managers to recognise and reward non-KPI measures (i.e. exhibiting corporate values, going the extra mile to help colleagues, etc) by setting aside discretionary monetary or non-monetary rewards such as:
 - Cash award
 - Recognition award (i.e. best employee of the year)
 - Additional leave days



REINFORCE DESIRED BEHAVIOURS

- Address the past year's performance gaps and set new goals for the next year
- Reinforce desired behaviours by recognising, rewarding and cultivating them.
- Identify role models within the organisation to be champions of certain desired behaviours (i.e. innovative spirit, lifelong learner, etc)

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SELF ASSESSMENT IMPLEMENTATION CHECKLIST

Have you...	If yes, move on to the next question! If no, refer to the following:
<ul style="list-style-type: none"> <input type="checkbox"/> Established / formulated strategic goals with the business leaders? <input type="checkbox"/> Classified the established goals into different time-frames (short, medium and long term)? <input type="checkbox"/> Gathered leadership team's perspectives on achieving the goals and identified HR's role in achieving the goals? 	Step 1: Set Strategic PM Philosophy
<ul style="list-style-type: none"> <input type="checkbox"/> Cascaded organisational goals from top management down to individual employees? <input type="checkbox"/> Communicated and engaged employees on how their goals contribute to that of the organisation? <input type="checkbox"/> Ensured that the goals are SMART and documented them accordingly? 	Step 2: Cascade and Communicate Goals
<ul style="list-style-type: none"> <input type="checkbox"/> Established a performance tracking system and a performance review schedule? <input type="checkbox"/> Equipped line managers with necessary knowledge and skills to manage performance and coach employees? <input type="checkbox"/> Established performance conversation guidelines? 	Step 3: Manage Performance
<ul style="list-style-type: none"> <input type="checkbox"/> Established a performance differentiation framework and calibration process? <input type="checkbox"/> Established a rewards framework based on performance and provide some form of discretionary allowance for managers to reward their employees? <input type="checkbox"/> Ensured that performance conversations were conducted and documented accordingly? <input type="checkbox"/> Identified role models within the organisation to champion certain desired behaviours as defined by the organisation? 	Step 4: Evaluate and Reward Performance

PERFORMANCE MANAGEMENT

SELF ASSESSMENT: WHERE ARE YOU & HOW YOU CAN GET TO THE NEXT LEVEL

WHERE IS YOUR ORGANISATION AT?

BUDDING	ASPIRING	GROWING	MATURING	THRIVING
<ul style="list-style-type: none"> • Goal-setting is not formalised and/or documented • Performance feedback not provided to employees 	<ul style="list-style-type: none"> • Goal-setting is not standardised and does not involve employees • Performance feedback occurs during the annual performance appraisal process 	<ul style="list-style-type: none"> • Goals are defined and documented with alignment between individual, team and business goals • Multi-source performance feedback occurs at least twice a year 	<ul style="list-style-type: none"> • Goal are determined by both employees and managers, with alignment between individual, team and business goals • Frequent feedback provided on an ongoing basis 	<ul style="list-style-type: none"> • Behavioural, outcome and shared goals are defined to advance business goals • Frequent and real-time feedback provided to employees, with ongoing performance coaching conducted by managers

WHAT DO YOU CAN CONSIDER DOING...

<ul style="list-style-type: none"> • Formalising goal-setting process • Providing performance feedback to employees 	<ul style="list-style-type: none"> • Standardising and involving employees in the goal-setting process • Providing employees with feedback at least twice a year 	<ul style="list-style-type: none"> • Ensuring the alignment of individual, team and business goals • Providing frequent feedback to employees on an ongoing basis 	<ul style="list-style-type: none"> • Defining both behavioural and outcome goals • Providing employees with real-time feedback and performance coaching 	<ul style="list-style-type: none"> • Ensuring that managers, HR and employees are effective and jointly accountable for quality performance conversations • Focusing performance assessment around development needs and career goals
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ADDITIONAL RESOURCES FOR YOU

- How to make the business case for performance measure selection and goal setting
 - <https://www.mercer.com/our-thinking/career/executive-rewards-perspective-beyond-benchmarking.html>
- How to maximise the impact of performance management
 - <https://www.mercer.us/our-thinking/time-to-take-a-stand-on-performance-management.html>

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SUCCESS STORIES – SHELL



COMPANY BACKGROUND

INDUSTRY	EMPLOYMENT PROFILE	FEATURED PRACTICES	TRIPLE STRONG FACTORS
Energy and Power 	<ul style="list-style-type: none"> Data is not provided 	<ul style="list-style-type: none"> Succession Management Performance Management Strategic Workforce Planning 	<ul style="list-style-type: none"> Re-hires Employees Past Employment Age Redesigns Jobs for Older Workers Provides Flexible Work Arrangements Develops Local Leaders

HUMAN CAPITAL PRACTICES AND BUSINESS RESULTS

	CHALLENGES	KEY CHANGES	RESULTS
Performance Management Modification of performance metrics to provide meaningful feedback	<p><u>Metrics</u></p> <ul style="list-style-type: none"> Current rating system tend to give too much room for subjectivity and hence sparks debate Too many goals for the employee 	<p><u>Enhancement of Performance Management Framework and Process</u></p> <ul style="list-style-type: none"> Created a 9-grid matrix which provided for a more meaningful and comprehensive performance rating system Employees were limited to setting 5 Business and 3 Functional (leadership) goals Empowered line managers to own the Performance Management process which was in line with company's strategy to better equip their line managers 	<ul style="list-style-type: none"> Performance results generated were more meaningful and reduced debates between employees and managers Greater clarity on KPIs for employees Line managers started to own the PM process

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SUCCESS STORIES – KPMG



COMPANY BACKGROUND

INDUSTRY	EMPLOYMENT PROFILE	FEATURED PRACTICES	TRIPLE STRONG FACTORS
Professional, Scientific and Technical Activities 	<ul style="list-style-type: none"> Average Tenure: 4.4 years Average Age: 32.4 year old % Female: 58% % Foreign Worker: 19.2% 	<ul style="list-style-type: none"> Career Development Performance Management Talent Acquisition 	<ul style="list-style-type: none"> Provides Flexible Work Arrangements Develops Local Leaders Encourages Skills Upgrading Reskills at-risk Employees

HUMAN CAPITAL PRACTICES AND BUSINESS RESULTS

	CHALLENGES	KEY CHANGES	RESULTS
Performance Management Measures implemented to place emphasis on employees' performance and feedback	<p><u>Company Dynamics</u></p> <ul style="list-style-type: none"> The company works in a partnership model with its clients and operate in a project-based where employees are involved in multiple projects Lack of consistent managerial oversight over time as employees are involved in multiple projects with different managers 	<p><u>Implementation of New Metrics</u></p> <ul style="list-style-type: none"> Recently implemented Success Factors which was rolled out from Global HQ Goals are determined between managers and employees. KPMG has a goal library to guide employees on goal setting based on their levels People managers are encouraged to have a catch-up with their direct reports at least 4 times annually Overcame lack of managerial oversight by implementing an engagement review feedback process. After every project, Project Leads would need to submit a performance review of members to keep their respective managers updated 	<ul style="list-style-type: none"> Enhanced goal clarity and expectation setting Improved employee participation in the goal setting process Increased touch points for managers to get performance input of their employees More timely performance feedback

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COMPANY BACKGROUND

INDUSTRY	EMPLOYMENT PROFILE	FEATURED PRACTICES	TRIPLE STRONG FACTORS
Hotel and Accommodation Services 	<ul style="list-style-type: none"> • Average Tenure: 2.8 years • Average Age: 36.9 year old • % Female: 71% • % Foreign Worker: 38% 	<ul style="list-style-type: none"> ▪ Career Development ▪ Performance Management ▪ Talent Acquisition 	<ul style="list-style-type: none"> • Re-hires Employees Past Employment Age • Redesigns Jobs for Older Workers • Provides Flexible Work Arrangements

HUMAN CAPITAL PRACTICES AND BUSINESS RESULTS

	CHALLENGES	KEY CHANGES	RESULTS
Performance Management Strengthened performance metrics and increased emphasis on performance feedback	<p><u>Industry Dynamics</u></p> <ul style="list-style-type: none"> ▪ Different properties would have different levels of performance expectations <p><u>Company Dynamics</u></p> <ul style="list-style-type: none"> ▪ Property-specific KPIs would need to be set instead of a common KPI across all properties 	<p><u>Adoption of New Metrics</u></p> <ul style="list-style-type: none"> ▪ Set a combination of KPIs (financial measure, Tripadvisor rating) and competencies to determine performance ratings ▪ Developed property-specific balance scorecards indicating their target and achievement in 4 factors – financial, reputation, people and process ▪ Developed a competency framework, assessing all employees based on 6 core competencies ▪ Greater HR involvement in performance calibration across properties, ensuring appraisals are consistently applied ▪ Placed a greater emphasis on daily mentoring and behavioral correction by the supervisors 	<ul style="list-style-type: none"> ▪ Established a performance management framework ▪ Ensured that appraisals took into account how results are achieved on top of the results itself ▪ Greater HR involvement with line managers and ground staff to align performance expectations across properties

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