DISRUPTIVE HR

BUSINESS PARTNER PROGRAMME

Your Interactive Workbook

EPISODE 2: PERFORMANCE MANAGEMENT & REWARD

PERFORMANCE MANAGEMENT

We have come to realise that our traditional approach to performance management is broken. Annual objectives no longer cut it, giving feedback once a year at an annual review is pointless, ratings are riddled with bias and forcing managers to differentiate their people with guided distribution has a negative impact on the morale of your people.

We looked at four new trends in 'Performance Management':

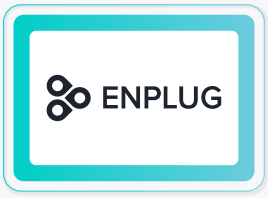
1. EMPLOYEE OWNDED:

Encourage your employees to take responsibility for their own performance and lead their career development.

For example, Vistaprint moved to a process that is entirely employee driven. As part of the change, they dropped their appraisals, ratings and 360 degree feedback and forms and didn't replace it with another cumbersome process. The new process is in real time, relevant and always given with good intent. Each individual owns collection of their feedback and ensures conversations happen with their managers as required. And they can choose to use their manager as a coach to process and understand the feedback they've received.

2. FOCUS ON THE TEAM:

Great work happens in teams! Companies that want to keep pace with the competitive marketplace and support innovation are embracing a culture of teams and networks of teams. And this includes performance management. Some of the ways in which you can do this includes setting short term goals that align with organisational and team objectives, reviewing goals frequently, aligning priorities for cross-functional teams and remembering to celebrate wins.



For example, Enplug sets short term goals for their teams. To keep the team motivated, they have online screens that show the real-time dashboard of progress against monthly and quarterly goals. The constant reminder of the bigger picture goals helps as a motivator to accomplish smaller day-to-day tasks. Teammates can see daily progress and understand how it contributes to the long-term goals,

3. PROCESS LITE AND AGILE:

Even if you are unable to revamp your entire approach to performance management, think about even the smallest of changes that can make a huge impact on how the process works. Some of the ways to do this include slimming down any forms you use, making check-ins more frequent, equipping managers with tips and hints to

For example, at Atlassian to check-in with their remote teams' managers ask these three questions in their weekly one-on-ones:

1. What are your priorities?
2. How can I help you?
3. How are you feeling?

These open-ended questions can prompt deeper discussions and enable you to provide more meaningful feedback.

4. COACHING NOT ASSESSMENT:

Infuse the culture of coaching throughout your organisation. Rather than taking the traditional approach of assessing past performance, focus your attention on coaching your team towards better performance.

For example, at EY they have a practise dubbed 'Leading with questions'. It involves finding the purpose of the conversation and connecting with that to provoke a deeper and thoughtful dialogue. 'Leading with Questions' is the foundational mind-set and skillset that they are asking their leaders to utilise as they engage in performance, career and developmental conversations. To help leaders they have a series of virtual workshops where leaders learn about how to lead with questions and have a safe place to practise this

WHAT YOUR NEW APPROACH MIGHT LOOK LIKE

There are primarily four types of conversations we need to help managers get better at and here are the key features for each:

TEAM MEETINGS

Agree goals
Review regularly
Celebrate wins and areas for improvement

CHECK-IN

Informal
Employee led
Manager as a Coach
Discuss and set outputs and
As often as employee wants

REWARD & RECOGNITION

Informal
Personalised gifts
Salary/Bonus
In the moment appreciation

CAREER & LEARNING

Informal
Employee led
Manager as a Coach
As often as employee wants

And let's not forget the difficult conversation.

DIFFICULT

Keep a record
Timely
Honest feedback
Agree goals
Follow up

KEY TAKEAWAYS:

Here are the key takeaways from this Episode:

1. Remember it's an approach not another process!
2. Employee owned, without ratings or forms
3. Coach leaders to have better conversations

REFLECTION:

Reflect on the four types of conversations that we need to help our managers get better at. Let's look at the 'career conversation' in more detail.

Consider running this short workshop available on the club, with your leaders to help them build skills and confidence to have regular 'career conversations' with their people. You can download the workshop slides and customise it to suit your needs.

YOUR ASSIGNMENT

Spend some time with a group of your managers discussing the questions below. This will help you break the change down into smaller, more manageable chunks and help identify your options to help shape your future performance management process.

QUESTIONS TO ASK TO HELP YOU MAKE THE CHANGE

MAIN OBJECTIVE?	CHECK-IN	CATEGORISE/ ALLOCATE REWARD
WHO OWNS IT?	THE MANAGER	THE EMPLOYEE
SETTING OBJECTIVES	TEAM ONLY	TEAM AND INDIVIDUAL
RATINGS?	YES	NO
RECORD KEEPING?	YES	IF THEY WISH/ NOT MANDATORY
SET FREQUENCY?	NO	YES
LINK TO BONUS?	YES - DIRECT LINK	NO, OR JUST ONE FACTOR

REWARD & RECOGNITION

We want our reward and recognition strategy to both meet the needs of the organisation and that of our people. About 91% of organisations have a traditional reward framework which revolves around a base salary and an individual end of year bonus. An O.C Tanner survey found that 37% of respondents said that more personal recognition would encourage them to produce better work more often. Here are the six new approaches to reward:

1. FROM INDIVIDUAL TO COLLECTIVE:

Work happens in teams! There are only a handful of organisations that are rethinking their approach in this area. Some of the ways in which they are doing this is by paying well so that they take the issue of money off the table, buying out the bonus scheme and focusing on team bonuses rather than individual bonus.

For example, social-media company TINT got rid of their sales commission. They recognised that the sale process is a complex one, involving several different employees in the customer lifecycle (including marketing lead-generation, account managers, developers solving bugs, ongoing customer support) and that paying sales people differently to the rest of the organisation is divisive. They wanted to weed out selfish behaviour and encourage true collaboration. Their solution was to replace individual commissions with a monthly team bonus to reward everyone who touches the customer, with a transparent (if complicated) calculation to ensure that pay is distributed fairly (not necessarily equally.

2. FROM ANNUAL TO FREQUENT:

Research by Globoforce suggests that people who are rewarded frequently are eight times more engaged than those that just get an end of year bonus. Some of the ways in which you can do this is by building a culture of everyday appreciation and using spot rewards to celebrate with rewards that are little and often.

For example, P&G focus their rewards programme on something they call the 'Power of everyday appreciation'. They say that appreciating one another for the work they do every day, not just the above and beyond is what drives engagement and productivity. Their rewards are given out by all employees, not just managers and this combination of little and often and peer to peer rewards has been behind its success.

3. PEER-TO-PEER:

Research suggests that 41% of companies that use peer-to-peer recognition have seen marked positive increases in customer satisfaction. There are so many ways in which you can embrace peer-to-peer recognition – like points based, monetary, non-monetary- so choose an option that works well for your company culture (and budget!).

For example, at Homebase, at the end of every month, each team presents what it has accomplished. Then, everybody votes on which team had the greatest impact on helping the company reach its yearly goals. The winning team has a choice: either pick an experience from a local merchant (like mini-golf or dinner at a restaurant) or donate to a non-profit.

4. PERSONALISE:

Our employees all have different needs and wants and what makes one feel rewarded and appreciated may be completely different from someone else. Ask your people what they want and tailor your reward strategy based on the analysis of their needs and attitudes.

For example, at Button they have each new employee fill out an orientation survey on their first day. One of the questions they ask is- tell us about a time you felt appreciated for your work. This provides the management team with insight into how to make sure all Buttonians are able to be recognized in ways that they feel appreciated.

5. ALIGNED WITH YOUR BRAND:

Find ways to reward your people that aligns with your brand. So for example that could mean creating experiences that mirror your customer experience and proposition or recognising your people for doing what your brand stands for.

For example, in order to recognise an employee for innovation at Haier, instead of providing hefty financial rewards, they offer the employees of great ideas probably the ultimate recognition, by naming the final products after them. In Haier's language they call this scheme "makers". Having your name as a 'stamp' on a product surely ensures ideas are well thought out and something they are genuinely proud to be representing.

6. SIMPLE, FAIR AND TRANSPARENT:

Find ways to make your reward strategy all about being simple, fair and transparent. You could achieve for example by paying people well so you take the issue of money off the table to begin with and you advertise actual salaries where possible or at least salary ranges for roles when you're hiring.

Glitch, for instance, all job listings include a salary range, and they share salary ranges by role internally so that no-one has to worry that other folks are being paid differently for doing the same work. They respect everyone's contributions towards goals regardless of their role, so executive pay is capped at 5X the lowest salary.

POST PANDEMIC REWARD AND RECOGNITION:

Consider redesigning your benefits package to suit the new hybrid model of working. While looking at moving from 'on-site' benefits to 'at-home' benefits like high-speed internet and ergonomic furniture also consider things like paying for the role rather than where the individual will be located.

At Reddit, the diversity of their employees' needs was a driving factor for them to develop a strategy that anchors on providing flexibility to their people wherever they want to do work from. They learned that impact isn't differentiated based on employee location, so they eliminated geographical zones from their compensation structure in the US and all employees are paid within the same range, meaning they are rewarded for their impact, not their location.

KEY TAKEAWAYS:

Here are the key takeaways from this Episode:

1. Recognition works better if it's personalised
2. Being recognised frequently is a powerful engagement driver
3. Try out peer to peer recognition to build greater collaboration

REFLECTION:

Reflect on the new approaches to reward and note down at least one way in which you could implement those that you think fit well with the culture of your organisation, but you aren't currently using.

Share with your managers tips on how they can say thank-you'll find some ideas on ways to say thank you here. At the end of the week ask them how they got on and share with each other what worked etc.

MY NOTES