



THE DISRUPTIVE HR BUSINESS PARTNER PROGRAMME

EPIISODE 2: NEW APPROACHES TO HR
PERFORMANCE MANAGEMENT AND REWARD

PERFORMANCE MANAGEMENT

WHAT WE'LL COVER

1. Why traditional performance management can't work
2. New approaches and examples from other companies
3. What YOUR new approach might look like

TRADITIONAL APPROACHES TO PERFORMANCE MANAGEMENT

ANNUAL OBJECTIVES

ANNUAL REVIEW

RATINGS

GUIDED DISTRIBUTION

QUICK BREAK OUT

Tell each other what you're doing with Performance Management, eg:

1. We still have a traditional approach
2. We're working on moving to a new approach
3. We have already changed our approach

CASE FOR CHANGE - RESEARCH/DATA KEY STATS

- It's time-consuming and costly (estimate £300 pp per year)
- It doesn't motivate - 80%+ of employees aren't motivated by it (Gallup)
- It doesn't improve performance - 80%+ of companies don't believe traditional PM approaches help to improve performance (Gartner)
- Most companies are now making changes - Nearly 70% of companies are already making significant changes to their PM approach (McKinsey)

NEW APPROACHES TO PERFORMANCE MANAGEMENT

EMPLOYEE OWNED

FOCUS ON THE TEAM

PROCESS-LITE
AND AGILE

COACHING NOT
ASSESSMENT

EMPLOYEE OWNED



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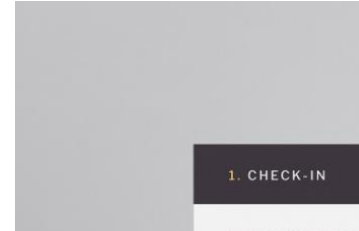
Collect your own feedback

RIVER ISLAND

Career Development

HELPING EMPLOYEES TO OWN THEIR PERFORMANCE

1. Find out what might be stopping them
2. Meet them half-way
3. Start with the newbies
4. Reward and recognise the ones that do
5. Give them conversation starter tips



10. Helping you to do your Best Work

The traditional annual appraisal is increasingly criticized as a negative, time consuming and outmoded way of managing performance and can often do more damage than good, turning into an end-of-the-year ordeal that instead of helping improve performance can actually do the opposite.

So we have an approach which we believe will improve your performance, career satisfaction and mean we can reach our goals.


This is all you need to know:

We deliver results through teams.

- Have regular one to one Check-ins with your manager (NB It's your responsibility to ask for regular one-to-one time with your manager to discuss your work and career).
- Make sure you use some of your Check-in's to chat to your manager about your career and future aspirations.



FOCUS ON THE TEAM



ENPLUG

Short term goals



BBC

Regular review

PROCESS LITE AND AGILE



- Ongoing conversations
- No documentation
- No ratings



Weekly check-ins

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

COACHING NOT ASSESSMENT



'Leading with Questions'



Stretch Goals

WHAT ARE THE RISKS OF GIVING UP RATINGS?

How will we know who the best performers are?

How will we give out bonuses fairly?

How will we know if managers are doing it properly?

How will we deal with poor performers?

WHAT YOUR NEW APPROACH
MIGHT LOOK LIKE?

PRINCIPLES BEHIND A NEW APPROACH

TEAM FOCUS

FREQUENT
CHECK-INS

EMPLOYEE
OWNED

PROCESS
LITE
(& NO
RATINGS)

MEASURED
BY IMPACT
(PULSE
SURVEYS)

WHAT IT LOOKS LIKE ...

FREQUENT CONVERSATIONS

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
- Health & Wellbeing 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

DIFFICULT CONVERSATIONS

- Keep a record
- Timely
- Honest feedback
- Agree goals
- Follow up

A CLIENT CASE STUDY: “SUSE SYNC”



CHALLENGE

- Top-down system
- Bi-annual
- Compensation tied to annual ratings
- Limited leader discretion.

INSIGHTS

- Focus groups
- Pulse surveys
- 85% of leaders say fails to improve team performance
- 65% employees doesn't enhance performance and 60% say it's unproductive

THE NEW APPROACH “SUSE SYNC”

- Employee-driven, Continuous, team-driven goal setting and reviews.
- Regular one to one check-ins driven by employee
- No ratings, discretion based on company and individual performance.
- Language shift from traditional HR jargon to human terms.

MARKETING & COMMS

- Partnered with Marketing team to create branding, assets etc..
- Light-hearted cameo video to say bye to old process
- Workshops for everyone on new approach
- Toolkits for leaders and employees e.g. having a career conversation
- Regular ‘nudges’ to create new habits

IMPACT

- Regular pulse surveys
- Goal clarity up from 58% to 66%.
- Feedback understanding increased by 25%.
- Outperformed tech sector benchmarks.

QUESTIONS TO ASK TO HELP YOU MAKE THE CHANGE

1

2

MAIN OBJECTIVE?

IMPROVE PERFORMANCE

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

Moving away from annual appraisals: Key Takeaways

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

QUICK BREAK OUT

Talk to each other about something **that is your control** to do differently with performance management?

REWARD & RECOGNITION

REWARD TRENDS

FROM INDIVIDUAL
TO COLLECTIVE

FROM ANNUAL TO
FREQUENT

PEER TO PEER

CUSTOMISED OR
PERSONALISED

ALIGNMENT WITH
BRAND

SIMPLE, FAIR
AND
TRANSPARENT

FROM INDIVIDUAL TO COLLECTIVE

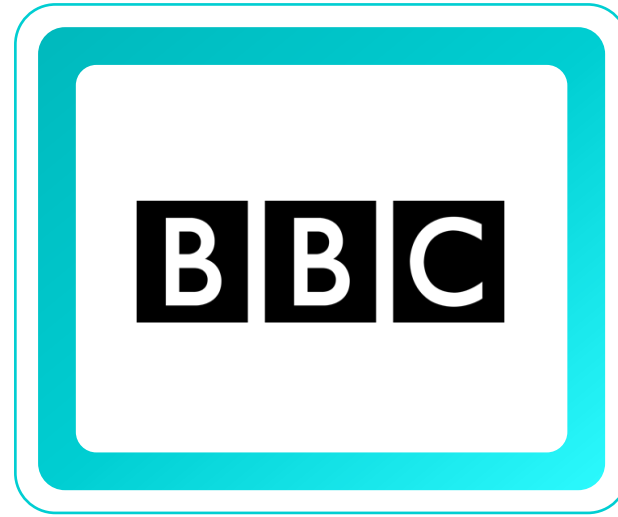
Handelsbanken

“Oktogonen”
Profit-share



- Got rid of individual bonuses for sales team
- Bonus based on overall team performance

FROM ANNUAL TO FREQUENT



PEER TO PEER

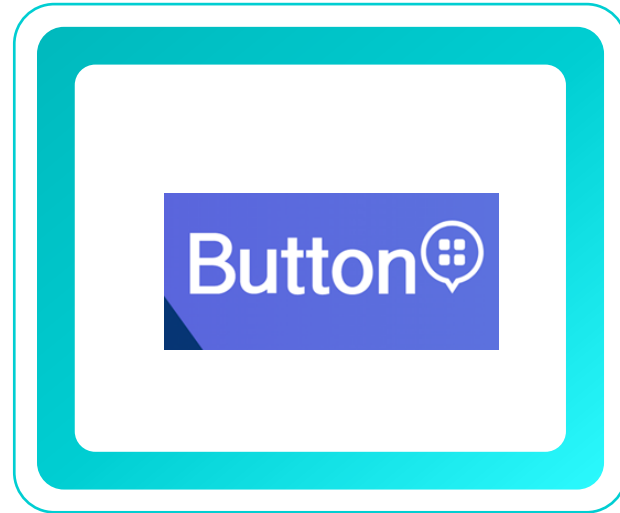


Cheers from your peers



Who has helped you most?

PERSONALISE



ALIGNED WITH YOUR BRAND



patagonia[®]

Focus on outdoor activity and climate activism

The image shows a rounded rectangular box with a purple gradient background. On the left side, there is a white rectangular area containing the Patagonia logo in black lowercase letters with a registered trademark symbol. To the right of this white area, the text 'Focus on outdoor activity and climate activism' is written in white, centered vertically.

SIMPLE, FAIR AND TRANSPARENT



Pay well



Transparent salary



Exec pay capped

SIMPLE FAIR AND TRANSPARENT: REWARD PRINCIPLES

- **Transparency:** We openly share our approach and all salaries to create trust, hold ourselves accountable, and serve as a resource for the industry.
- **Simplicity:** We aim to maintain an easy-to-understand formula that allows anyone to easily see how we arrive at any individual salary.
- **Fairness:** We ensure that those with the same role and responsibilities who are at the same experience level are paid equitably.
- **Generosity:** We pay above market to attract the team we need, thrive as individuals, and avoid exceptions and inequity resulting from negotiation.



A NEW REWARD FRAMEWORK

	Today	Future
Overview	Complicated, piecemeal, perceived as unfair, focusing on individual, short term performance. Creates culture of “selfishness” and prevents genuine personal development	Holistic, simple approach that treats people like adults, creates drive for collaboration, placing the “human” at the heart. Perceived as fair. Recognises additional effort/contribution in a timely way. Personalised and allowing for choice
Pay and increases	Market median Annual cost of living rise and/or merit rises determined through annual appraisal rating Large differential between top and bottom	Commitment to pay well/fairly Raises determined by market position – no entitlement to COL or merit increases Commitment to lower differentials between top and bottom
Bonus	Individual bonus based on annual performance – determined by appraisal rating	Group or team bonuses based on results and affordability or remove entirely Spot rewards based on recognition of performance at the time via line manager or peers.
Pay bands	Complicated. Large number of bands based on role and level and experience. Attempts to equate one role with another.	Broad banding but with line manager discretion around value.
Benefits	Healthcare and/or car allowance for the top	No differential based on seniority. Incorporated into base salary rather than a separate allowance. Flexible/hybrid working
Perks	Voucher schemes	Gifts that surprise and delight. App based rewards for all based on peer nomination. Creative alternatives

GROUP ACTIVITY

What have you introduced in reward and recognition that is working well...

Or is there something that you would like to introduce?

Reward and Recognition: Key Takeaways

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



NEXT WEEK: EPISODE 3 - NEW APPROACHES TO HR
TALENT MANGEMENT