



peopletrust

Introduction

- People Trust was established in 2013 as a consultancy focused on **building capability and maximising potential**
- Our service offerings are targeted at both **organisations** and **individuals**
- We assist **organisations**, large and small, by providing customised solutions in **Learning** and **Advisory** to build and enhance their human capital
- The economic **impact of the Covid-19 pandemic** has been severe, across sectors and geographies compelling businesses to explore new opportunities as well as alternative means of getting things done
- The area of **Performance Management** has been significantly impacted, as employees are facing fresh challenges and roadblocks on a daily basis
- **Communication** within teams, and between supervisors and subordinates, needs to be far more deliberate and nuanced, or else performance levels risk substantial deterioration
- This document outlines our solutions to help an organisation optimise performance and maximise employee motivation levels

The need for Performance Management – a simple case study



The **Leadership Team** of Company 'X' has **6 members**, each heading their own department.

The Managing Director has, over time, noticed that three of his senior leaders (say 'A', 'B' and 'C') are consistently **strong performers**, and this is reflected in their respective departments' financial performances.

On the contrary, the other three senior leaders (say 'D', 'E' and 'F'), also company veterans, come across as **lacklustre and uninspiring**, and this is also reflected in their respective departments' under-performance.

The MD and the Board have tried their best over the past few years to **improve the performances** of D, E & F, **without success**.

Company X has been following a practice of providing all Leadership Team members a **fixed bonus** equivalent to two months' salary, and a **flat annual increment** of 10%. Two questions:

1. **Why should A, B & C try to do better?**
2. **Why should D, E & F try to do better?**

DOES THEIR PERFORMANCE EVEN MATTER?

Characteristics of a robust & effective performance management system



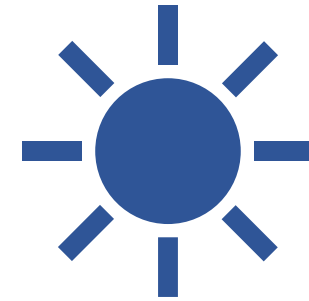
MERITOCRACY

A performance management system should be 'relative' in its essence, and based on the principle of rewarding good performance



OBJECTIVITY

Performance criteria must be, to a very large extent, clearly defined, objective and measurable



CLARITY

Performance objectives, metrics, measurement mechanisms, and roles & responsibilities must be well explained and easy to understand



RELEVANCE

The performance management system should be aligned with organisational & departmental goals, and employee roles & responsibilities



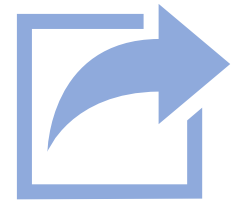
IMPACT

Employee reward & recognition must be based on objectively measured performance and assessed potential, and not purely on the basis of subjective judgement

Performance Management – Approach

The best organisations believe in meritocracy, and that every employee, irrespective of role, position or background, must be recognised and rewarded on the basis of actual performance. This motivates strong performers to maintain or even improve their levels of performance, and pushes relatively weaker performers to strive for much greater success.

An effective Performance Management Program, in addition to the characteristics mentioned previously, must be designed carefully and inclusively, following a top-down approach, as follows:



1. Organisational DNA

Understand & document the **Vision, Mission & Values** of the organisation

2. Goals & Competencies

Assimilate the **goals & competencies** of the company & of each department, and the metrics for measurement of performance

3. Focus Groups

Discuss the **intent** of the program with relevant employees, & obtain their **feedback & recommendations**

4. Creation of Forms

Document goal & competency assessment forms for each employee, along with the relevant **performance measurement metrics**

5. Policy & Roll-out

Develop the performance management **policy**, & roll-out of the Program by ensuring **clarity** and proper **orientation**

Performance Management – Framework

The essential objectives of a robust performance management framework are:

- to provide organisations and their employees with the **structure, support** and **tools** to make systematic, consistent and continuous **improvements**
- to support the achievement of better **outcomes for the organisation**



Performance Scorecard

A key output of our Performance Management programs is a 'Performance Scorecard'.

This Scorecard provides a basis for evaluating an employee - highlighting what she / he **is good at**, what **could be better** and whether the employee **demonstrates potential for a new role** in the organisation.

Scorecards are designed **both for an employee and the business function / work group** in which the employee operates. The scores achieved by both employee and the work group helps management conduct a **comprehensive and transparent performance evaluation**.

Employee scores are assigned against pre-determined criteria, being Key Performance Indicators **(KPIs) grouped under the following Goal categories:**



OPERATIONAL



FINANCIAL



PEOPLE

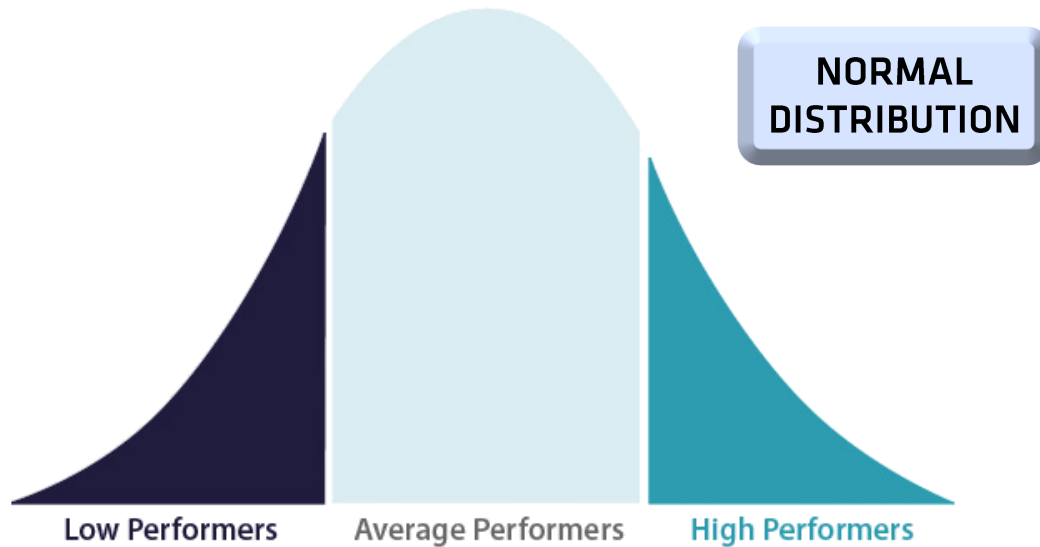


SELF-IMPROVEMENT



INNOVATION

Key Characteristic – Meritocracy



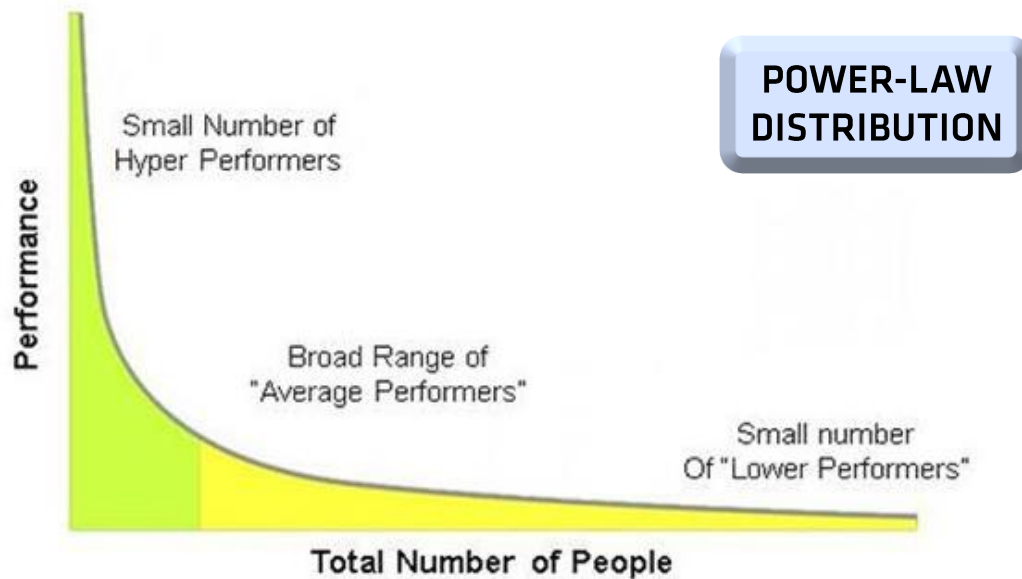
‘FLATTENING THE CURVE’ WON’T CURE THE PERFORMANCE PANDEMIC

For a Performance Management System to be truly effective, the concept of **relative rating** must come to the fore. Employees must be ranked against their peers and rewarded in accordance with performance.

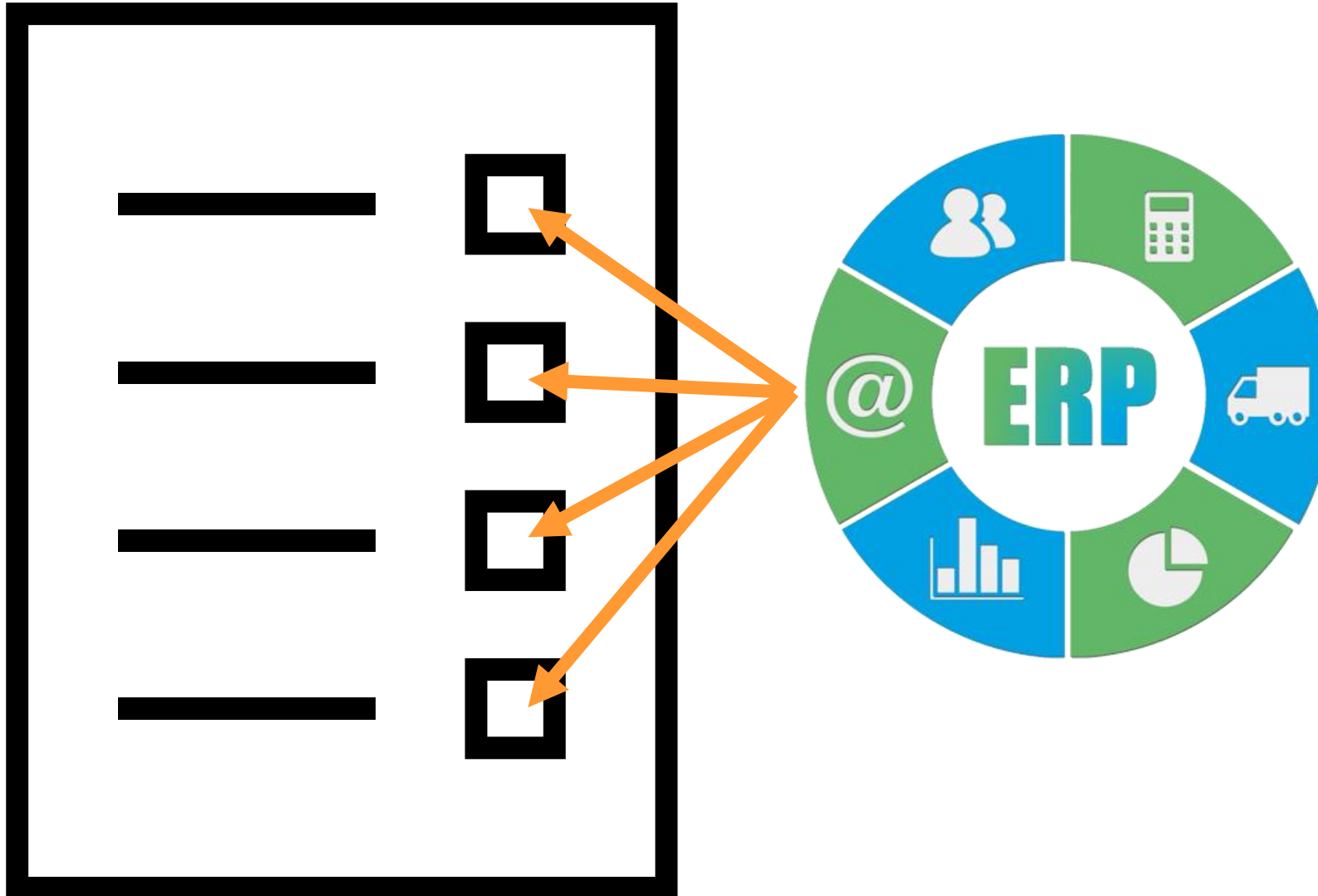
There has been a growing level of disagreement in the world of performance management about which method of ranking employees works best – the traditional **Normal Distribution** (using a ‘bell curve’) or the more contemporary **Power-Law Distribution** (also known as ‘long tail’).

For most organisations, the type of ranking system is less relevant than the fact that **performance-based reward is a must**. This is the only way to **segregate high, average and low performers**, something that both methods subscribe to.

The concept of relative rating **motivates** high performers to continue to strive for success and encourages average and low performers to move upwards.



Key Characteristic – Objectivity



THE BEST GOAL FORMS AUTO-POPULATE

Our vision of an employee goal form is one that is so **objective** and **measurable**, so **clearly defined** that at the end of the performance measurement period, the employee should be able to determine their own rating, based on performance parameters provided by the Company's **ERP system**.

Having an objective performance management system provides **clarity** at the very outset, enables **interim assessments** and eliminates the occurrence of **disputes** and disagreements between supervisor and subordinate that are the hallmark of subjective, judgement-driven performance management systems.

Key Characteristic – Relevance



PULLING IN THE SAME DIRECTION

Performance Management, and as a result, employee goals and competencies, cannot exist in a separate bubble.

All of the following must be in alignment to develop an effective performance management system:

- Organisation's vision
- Organisation's mission statement
- Organisation's values
- Organisation's short, medium & long term goals
- Departmental goals
- Employee's goals & competencies



Performance Management – select credentials



Our client, a Bahrain-based regional anti money laundering regulator overseeing 21 countries, desired to implement a strategic performance management system to improve individual and departmental productivity, and better engage with its members.

Having never used such a system before, our client was keen to ensure that all employees and stakeholders understood and adopted the system to achieve its intended objective.

Our dual domain experience in AML and Strategic HR enabled us to easily understand the organisation's objectives and requirements, design a simple and effective performance management program & policy, and implement the same via a series of workshops with all stakeholders.



We worked with a leading logistics company headquartered in Mumbai, with operations across India, to implement a performance management program for their entire team, including labour at their storage locations.

Our team successfully designed a transparent and effective performance management program that would help guide employees to their respective role-based goals as well as align the organisation's strategic objectives with those of its various business functions.



We designed and rolled out a comprehensive performance management program for a fast-growing restaurant chain in Western India.

This involved defining business goals and mapping them to KPIs, as well as designing employee goal forms and restaurant scorecards.

This exercise was complemented by a learning and development roadmap for the entire team, as well as role-based work plans for all key employees.

Performance Management – typical deliverables



DNA Document

Vision, Mission & Values of the organisation



Goal & Competency Forms

Goal & competency assessment forms along with relevant performance measurement metrics



Policy

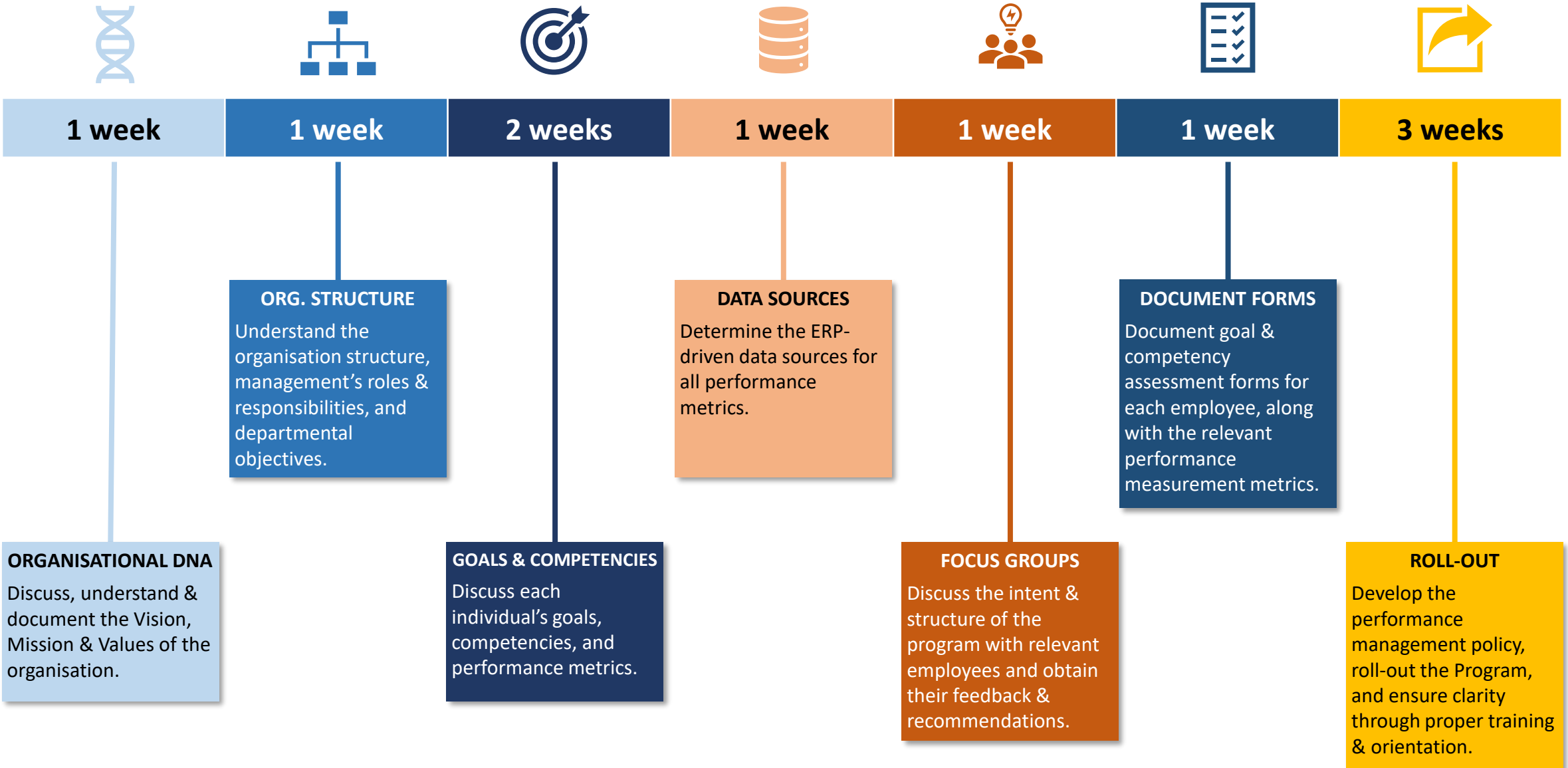
New Performance Management Policy of the organisation



Workshops

Orientation & Coaching workshops for appraisees and HR department

Performance Management – typical timelines





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