Research Spotlight: Putting People Back into Performance Management

Brandon Hall GROUP

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We invite your to participate in our surveys.

- For a complete list of surveys that you can take, please visit our survey page here.

- If you would like to join a panel of survey takers, please contact us at success@brandonhall.com

How To Ask Questions

- Submit your *questions* or *comments* about the discussion to our presenters using the **Questions** tab on your control panel.

- Presentation *slides* and *giveaways* can be found in the **Handouts** tab on your control panel.

Recording & Slides will also be sent out after the webinar.

Agenda

Performance Management in the Present and Future

What Are the Barriers to People-Centric Performance Management

The Impact of Culture on Performance Management

Q & A

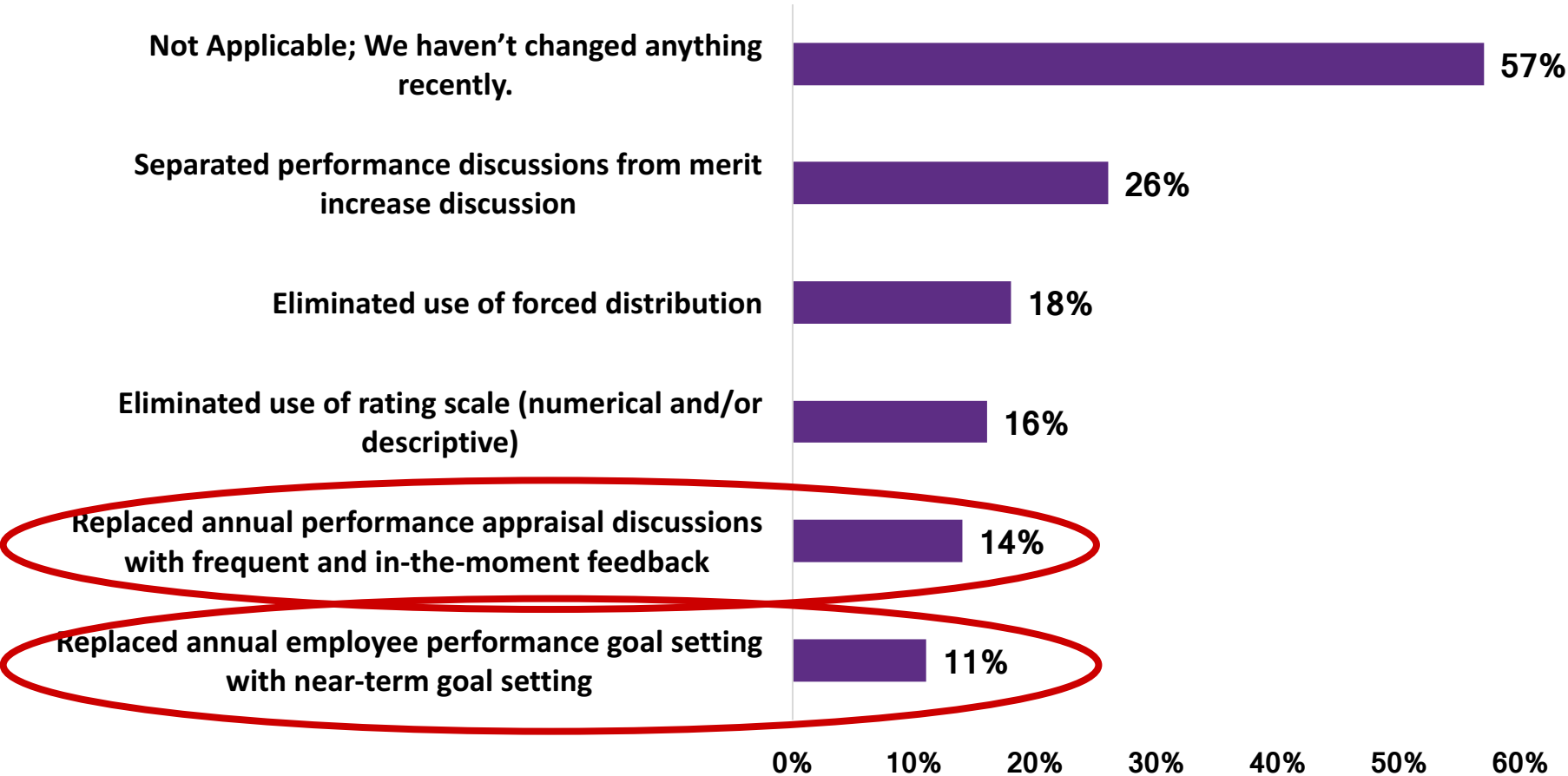# POLL 1: Are you moving away from the Annual Performance Review?

1. Yes
2. No

POLL 2: How much will you change your annual review process in the next 12 months?

1. None
2. A Little
3. Some
4. A Lot

# Performance Management: Where Are We Today and Where Do We Need to Be?

Recent Changes to Performance Management Approach

Category	Percentage
Not Applicable; We haven't changed anything recently.	57%
Separated performance discussions from merit increase discussion	26%
Eliminated use of forced distribution	18%
Eliminated use of rating scale (numerical and/or descriptive)	16%
Replaced annual performance appraisal discussions with frequent and in-the-moment feedback	14%
Replaced annual employee performance goal setting with near-term goal setting	11%

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Business Value of Current Performance Management
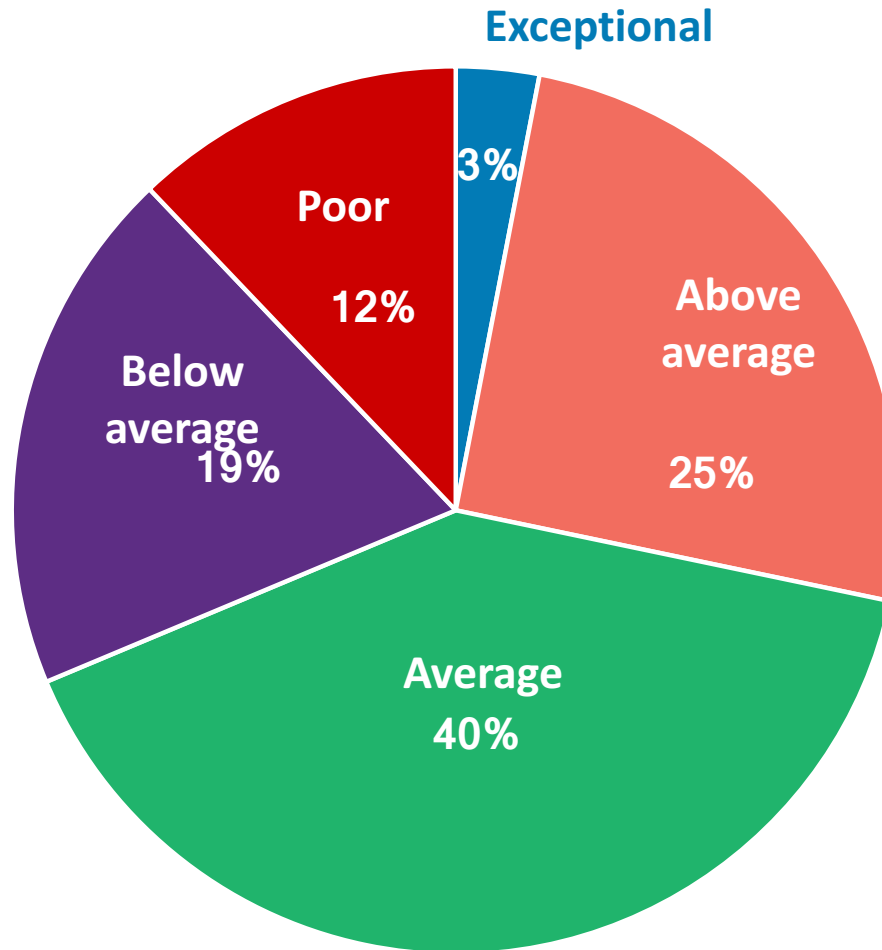
Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Most Critical for Future Performance Management in the Next Year

Increasing alignment of performance goals with business goals: 3 of 4 respondents

**Focusing on coaching for development:** 2 out of 3 respondents

Improving managers' ability to give in-the-moment feedback: 2 out of 3 respondents

Integrating performance feedback from multiple sources : 1 out of 3 respondents

Developing strengths-based PM approach: 1 out of 4 respondents

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Performance Management Effectiveness
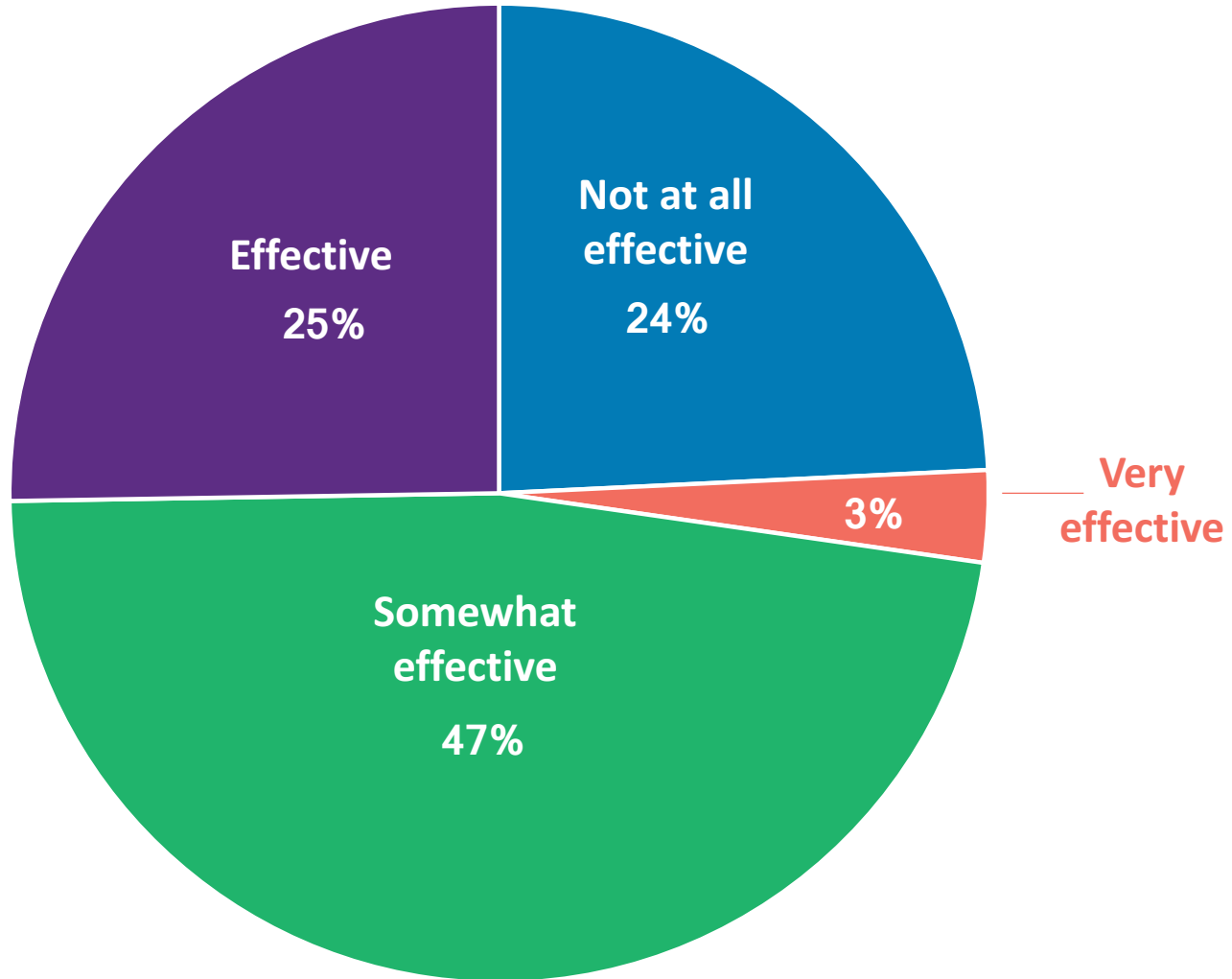
Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

73%

Process

20%

People

73%

Process

20%

People

Who is Right?

# People Development Over Process Development

Company	Over $13 billion, Louisville, KY based restaurant chain, 1.5M employees
Program Innovation	• After a detailed data-collection phase, KFC saw they had 138% turnover and less-than-desirable customer satisfaction scores, so they developed a new, people-centric approach to employee development
Program Details	• Problem: High turnover rates for both front-line and support staff, low customer sat, overall weakening of the brand • KFC activated their People Promise program through compelling communications, impactful development experiences, and fun and meaningful recognition • Tools: The People Promise Model (next slide for detail), PM change: KFC developed a 1:1 Pocket Guide that included nine questions related to performance, potential, and culture. • Restaurant turnover improved by 25 percentage points, engagement went up all areas of brand positivity went up, and most importantly, sales improved

The People Promise from KFC:
Brand = People = Customers = Culture

Figure 2: People Promise
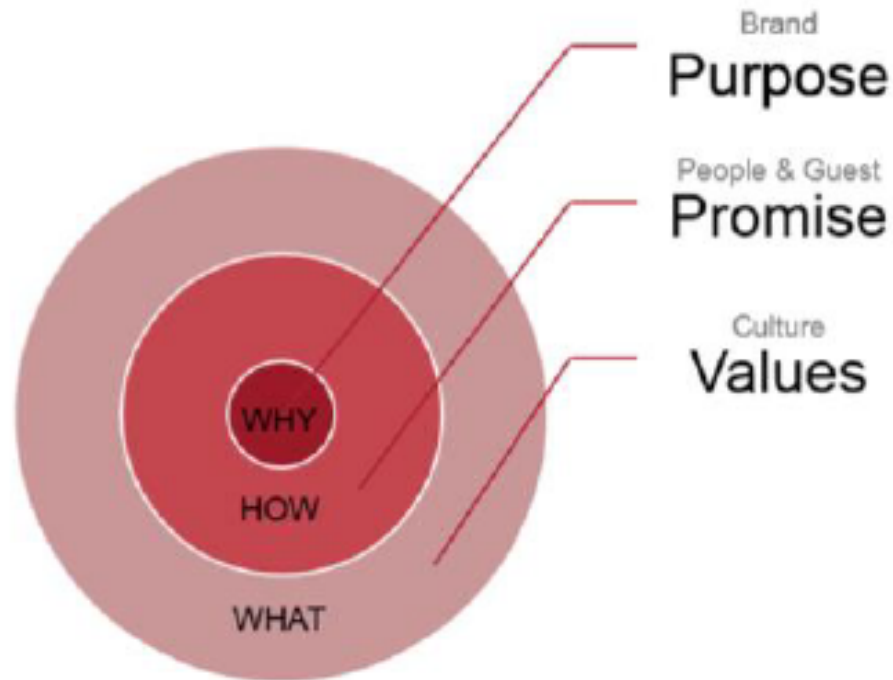
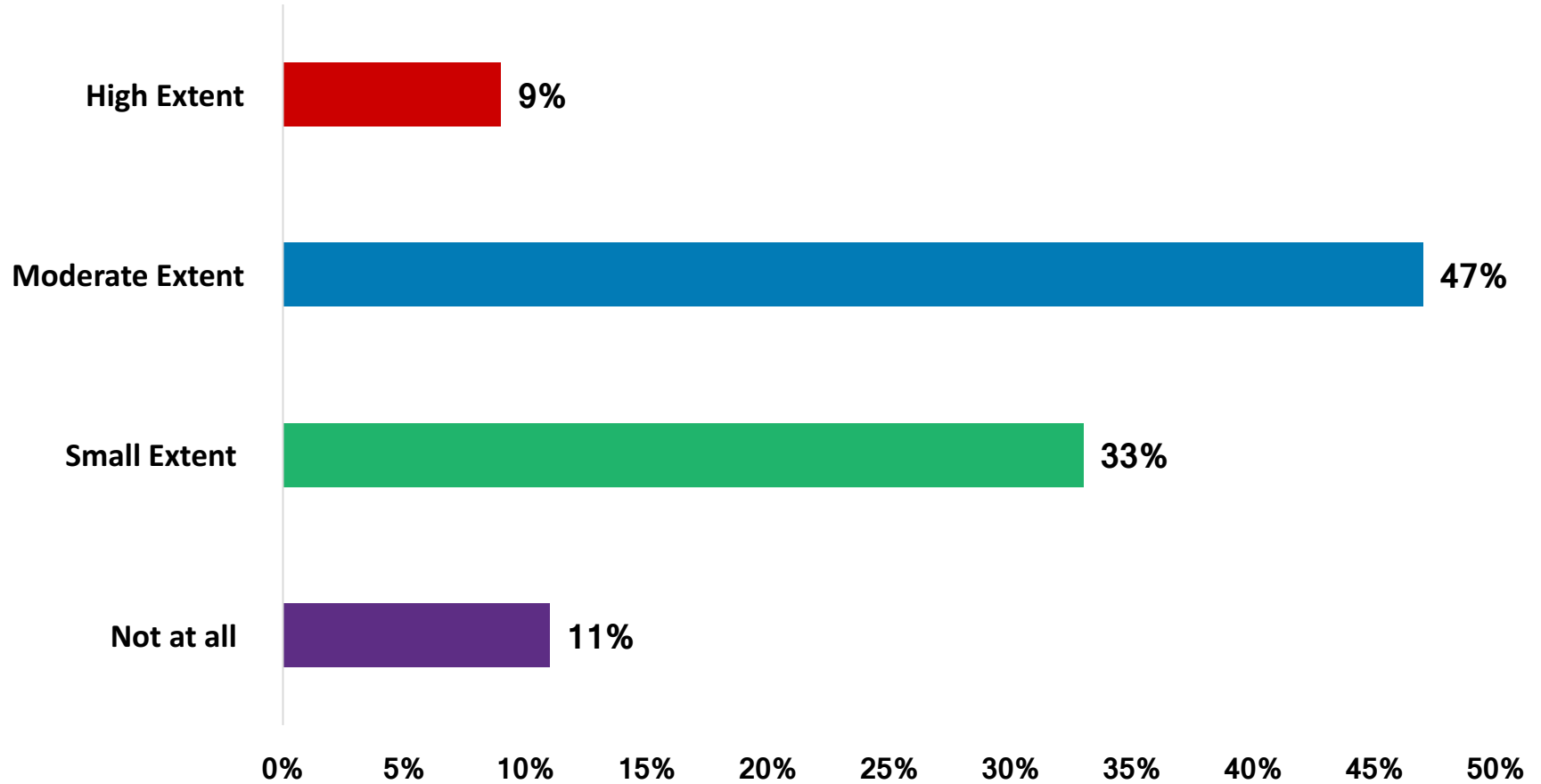

Source: KFC 2016

Key Considerations

- **Create a Strategy**

- **Set Goals Structure**

- **Managers Coach Skills to Build Employees' Strength**

- **Optimize Performance**

What Are the Barriers to People-Centric Performance Management?
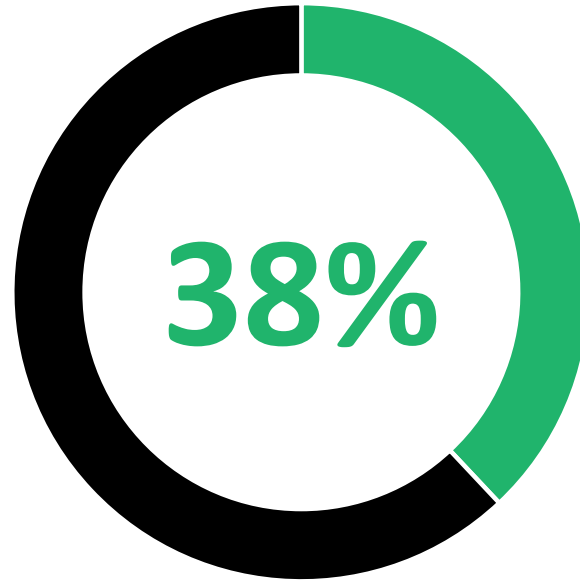
Alignment of Performance Goals to Business Goals

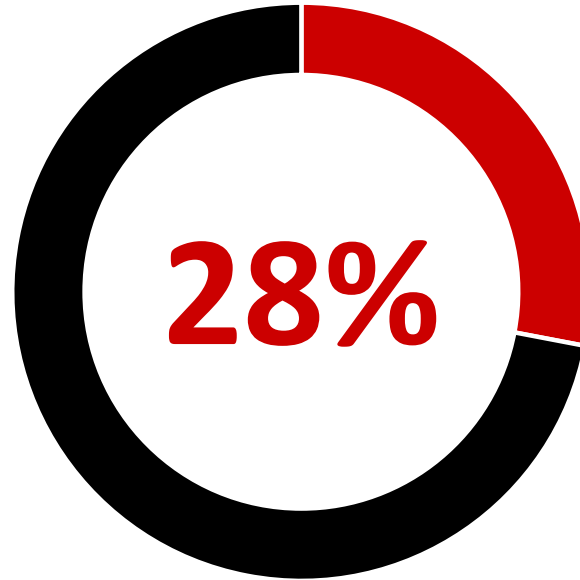*Source: 2016 Brandon Hall Group Performance Management Approach (n=269)*

The Impact of Culture on Performance Management
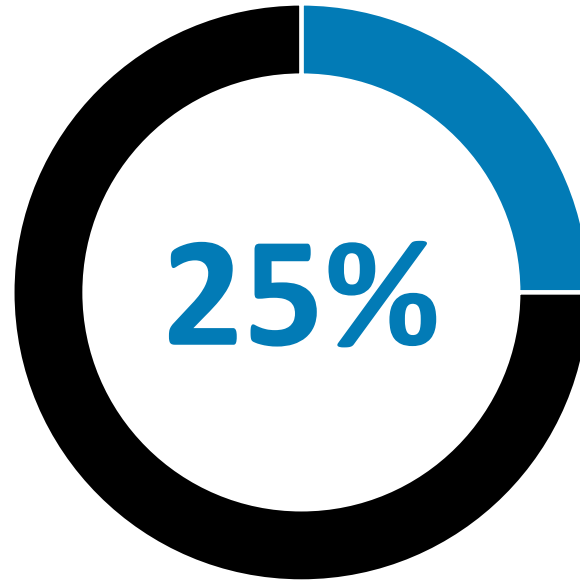
Collaborative Cultures

38%

Open and friendly place to work where people share a lot of themselves.
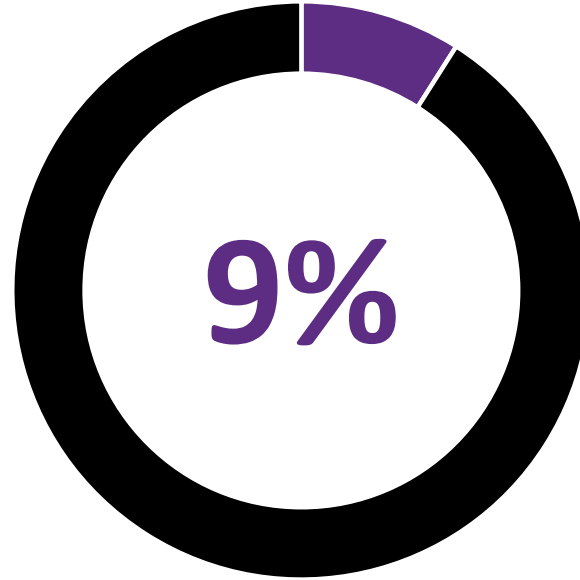
Controlling Cultures
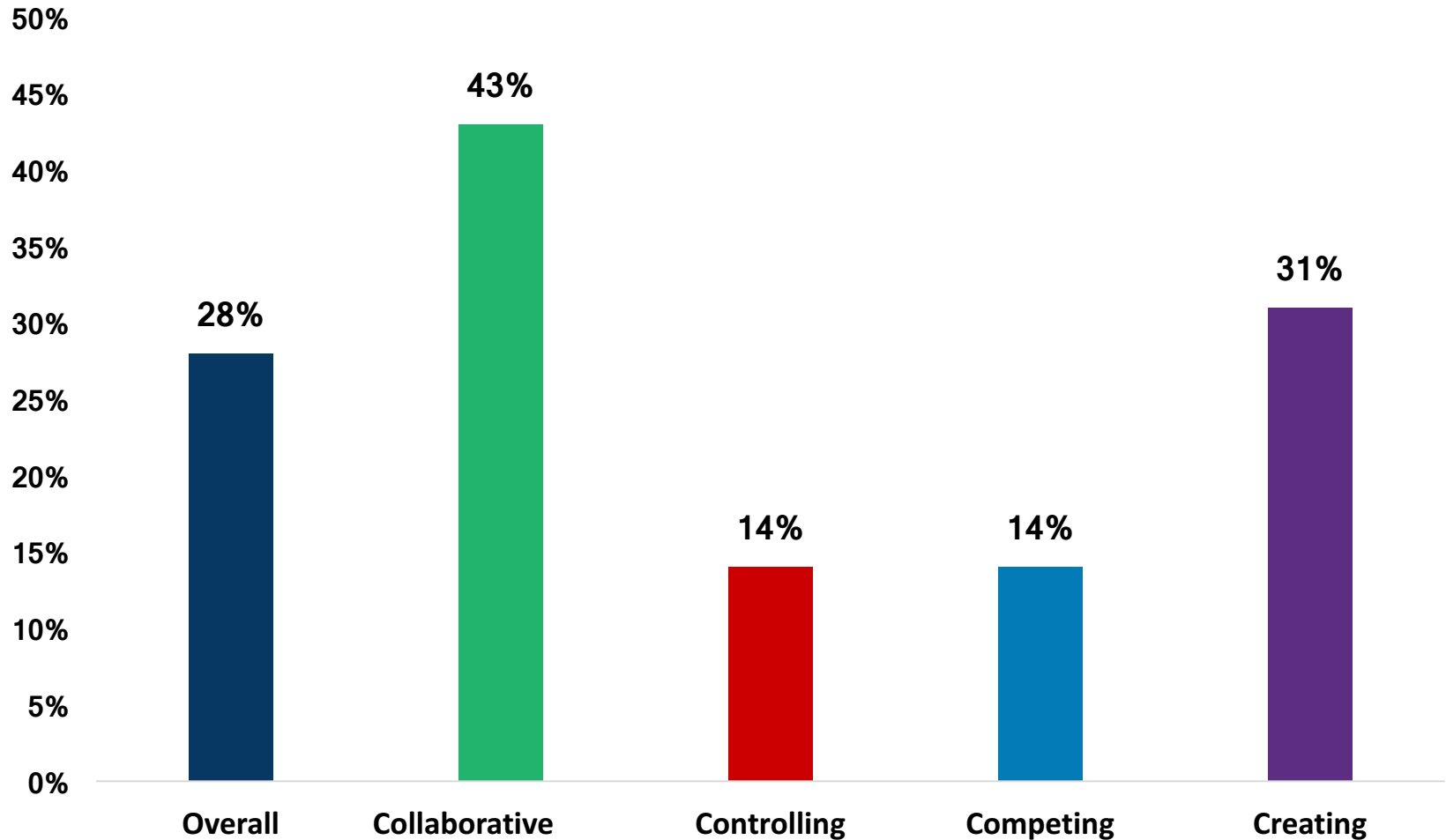

28%

A highly structured and formal place to work.

Competing Cultures

25%

A results driven organization focused on job completion
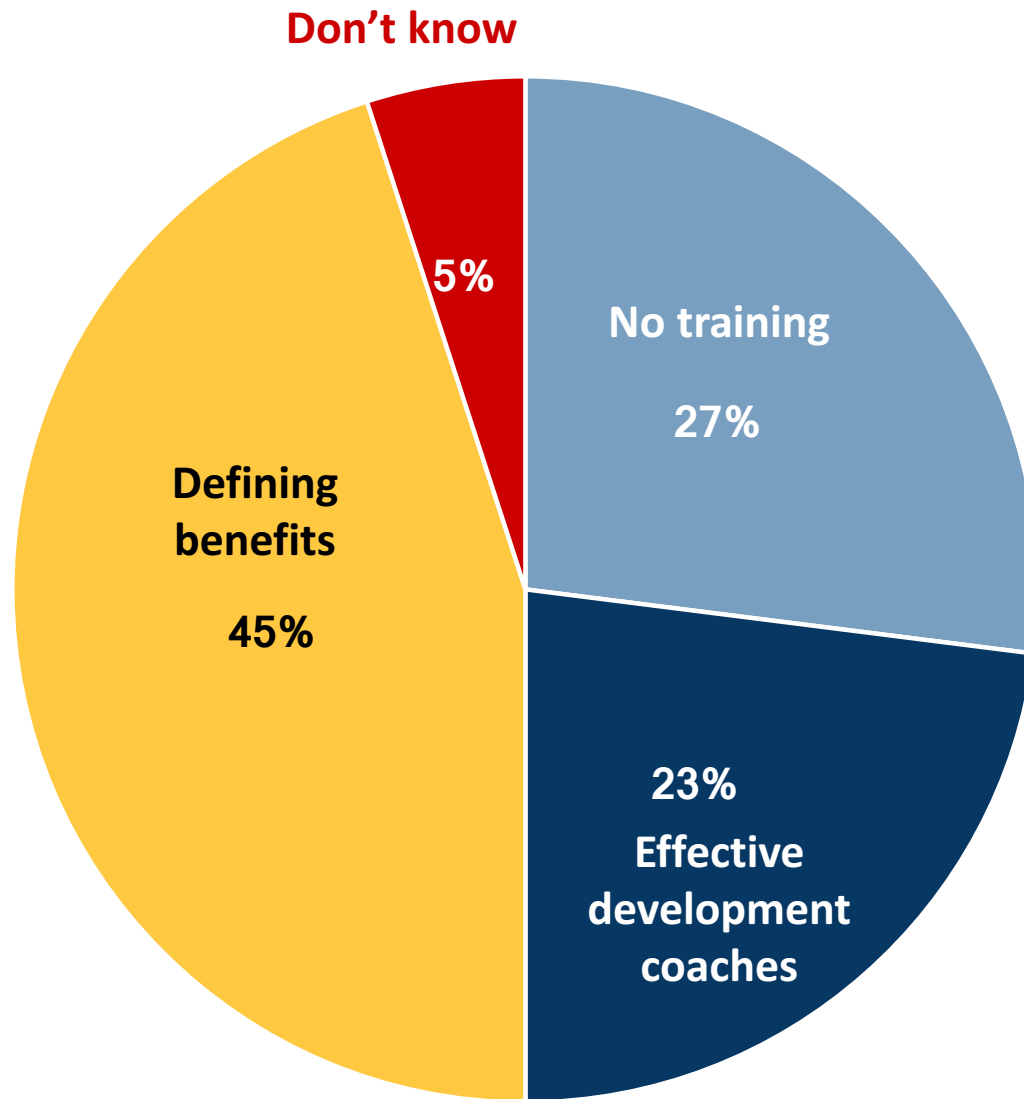
Creating Cultures

9%

A dynamic, entrepreneurial and creative place to work.

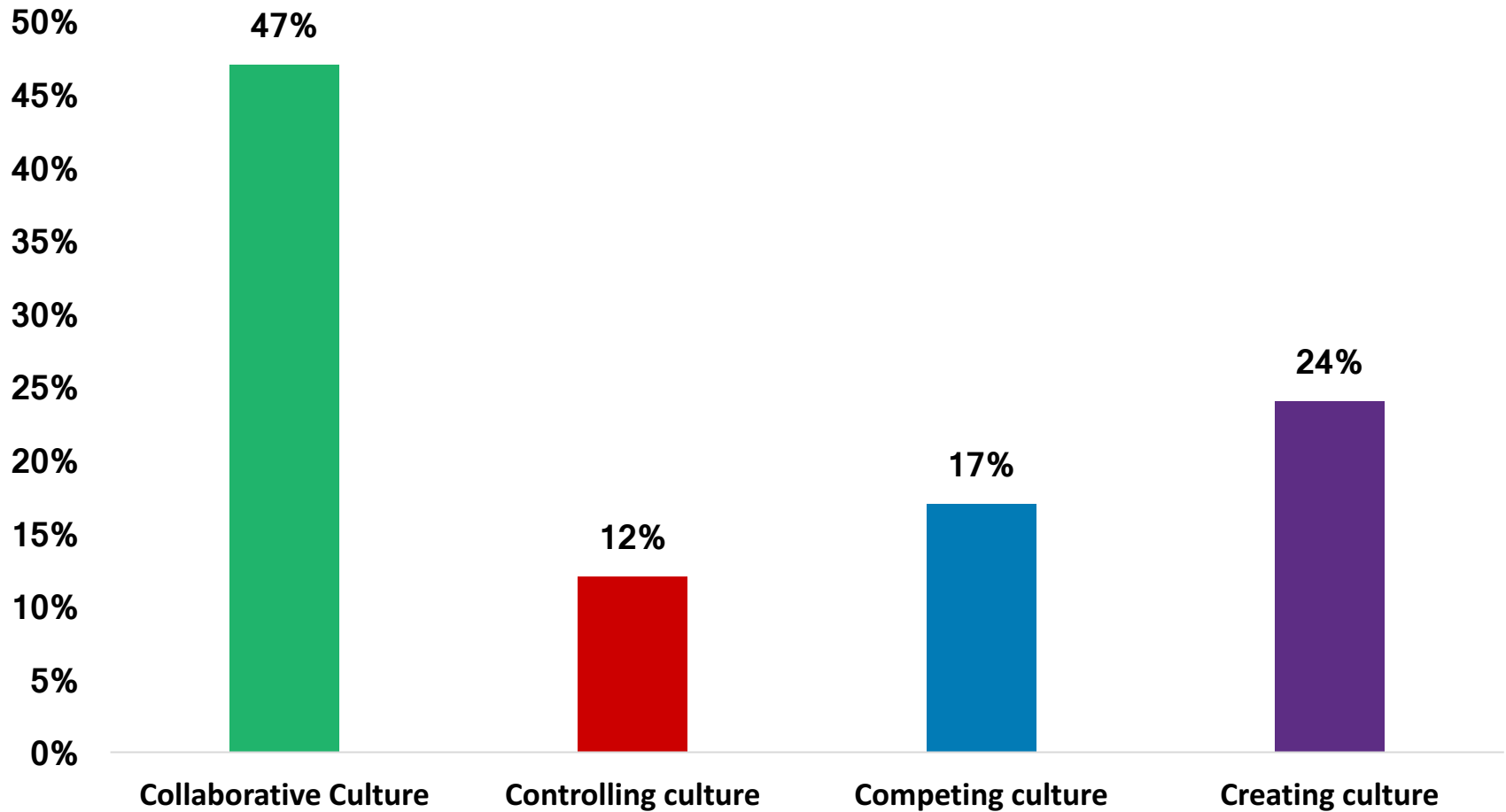# Effectiveness of Performance Management by Culture Types

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

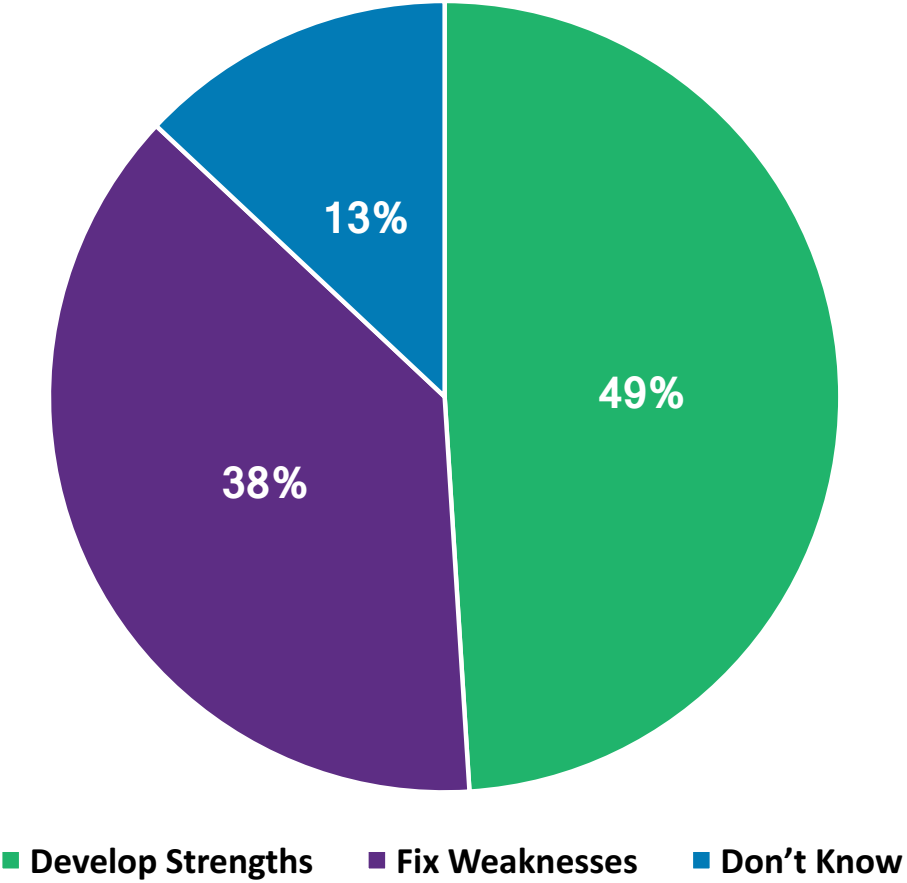# Existence of a Coaching Culture

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Existence of Coaching Culture by Type of Corporate Culture

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Performance Management Philosophies: Overall

49% Develop Strengths
38% Fix Weaknesses
13% Don't Know

■ Develop Strengths   ■ Fix Weaknesses   ■ Don't Know

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Performance Management Philosophies: Develop Strengths
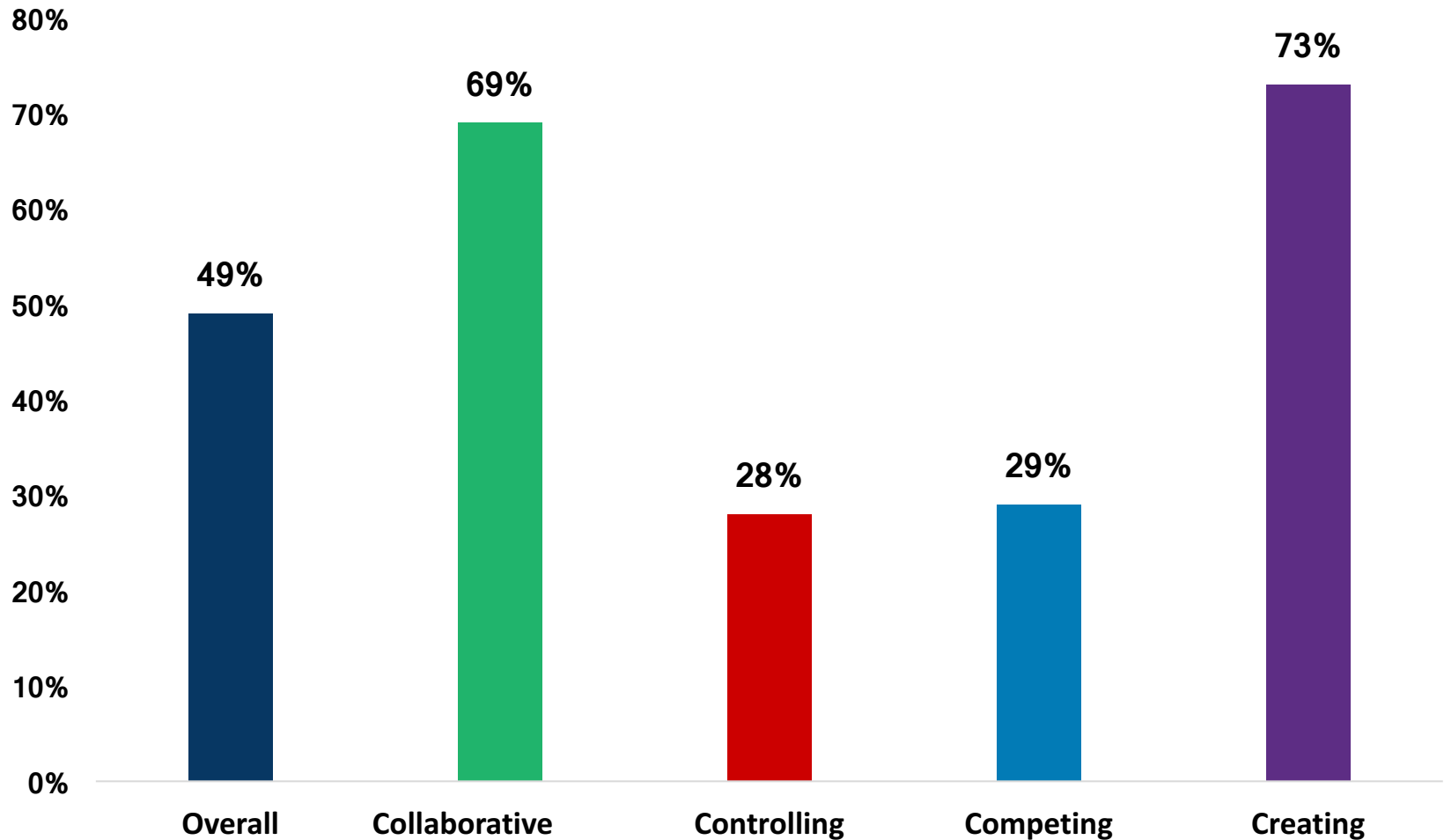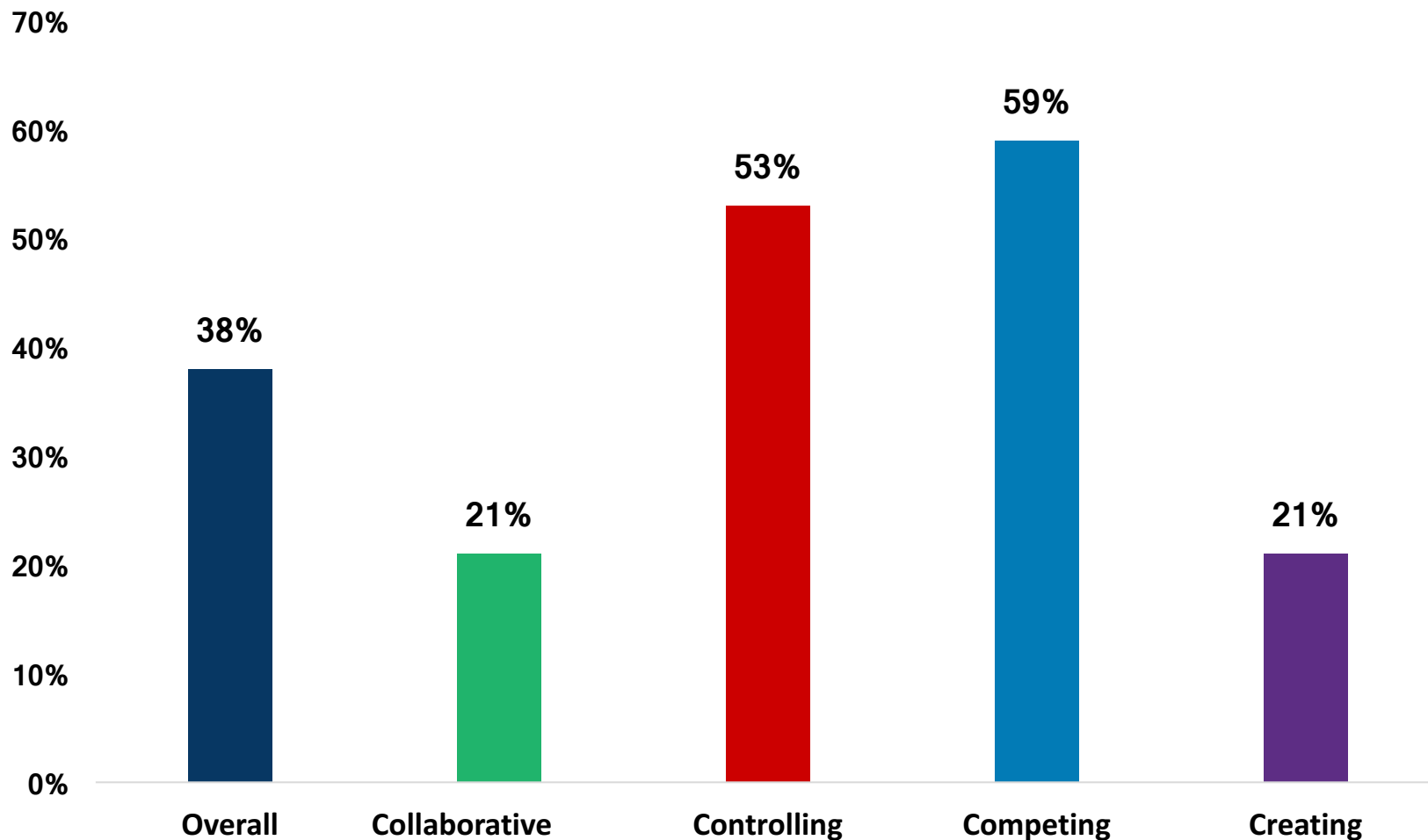

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Performance Management Philosophies: Fix Weaknesses

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Recognition
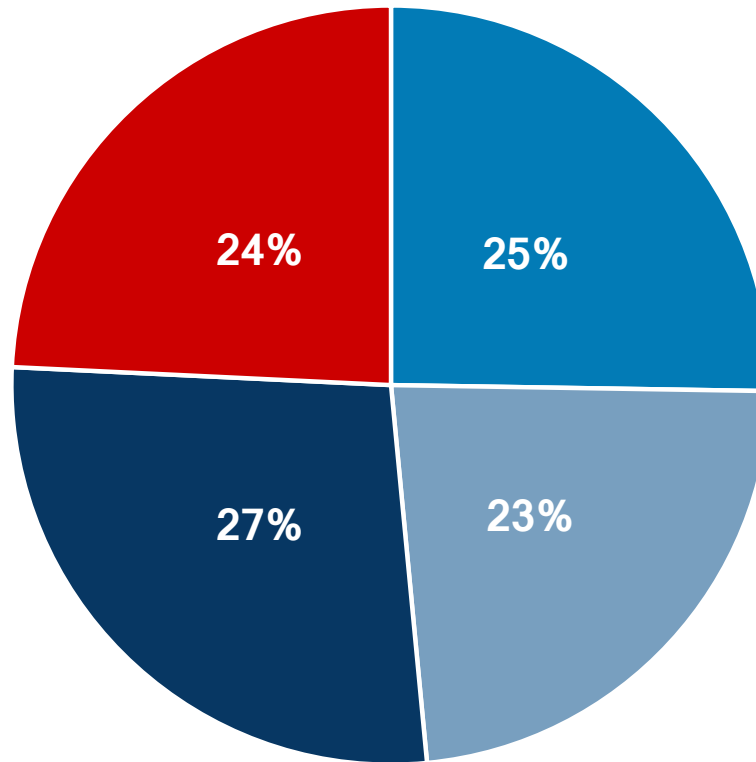
- ■ We periodically recognize blockbuster achievement
- ■ We regularly recognize meaningful contributions
- ■ We recognize blockbuster achievement and regularly recognize meaningful contributions
- ■ We do not yet have any recognition program (or are in process of developing)

Source: 2016 Brandon Hall Group Performance Management Approach (n=269)

Process for Awarding Salary Increase

31% Pay increases and bonuses are strictly tied to employee's performance ratings

51% Pay increases and bonuses are influenced by employee's performance ratings and managers have latitude to allocate increases to acknowledge meaningful work contributions

7% Pay increases are awarded regardless of employee's performance and/or work contributions

11% We do not have any budget for merit pay increases

Key Takeaways

1. Performance Management Should Focus on Developing People
2. Engage executives in performance management
3. Hold leaders accountable for developing employees' strengths.
4. Teach managers to be effective development coaches.
5. Automate performance management and integrate it with other talent processes.

Source: 2016 Brandon Hall Group

Questions?

Thank you for joining us today!

If you have any additional questions, please email us at
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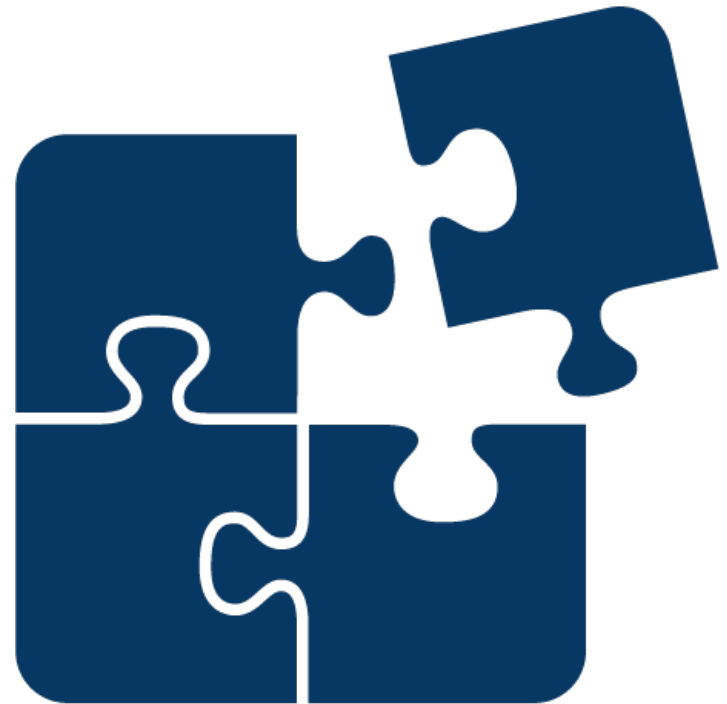- Maturity Model
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1st Quarter — Career Development/Succession Management
State of Talent Management
State of Talent Management Technology

Research Calendar

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1st Quarter — State of Talent Acquisition Technology

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2017

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- Katrina Williams, Director, Sales Capability

CDW

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- Joanne Veech, Global Talent Leader

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