Back to the Future of Performance Management

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Introductions

**Stephanie Flanagan**  
Senior Coordinator of Workplace Learning & Performance  
- Performance management for FT staff  
- University-wide onboarding  

**Angelita Becom**  
Vice President  
- 16 years of P&R consulting  
- Member of Higher Ed National Team  
- SME in performance management  

**Yelena Stiles**  
Senior Consultant  
- 12 years of P&R consulting  
- Member of Higher Ed National Team  

Of Performance Management
Performance Reviews ≠ Performance Management
Polling Question 1

How effective is your institution’s performance management program for staff?

- Why do we even bother?
- People don’t hate it
- It’s ok most of the time
- We love it!
Most Organizations Change

- Number/definition of performance ratings
- The forms (revise/automate)
- Targeted distribution of ratings
- Specify pay consequences for performance
- Separate pay from performance reviews
- Give almost everyone the same pay actions

Why Bother?

- Helps employees understand what they do well and where they can improve
- Enables employee learning, development, and career progression
- Provides opportunities for early intervention
- Executes strategy by prioritizing and aligning goals
- Identifies top performers to develop succession plans

It’s about value.
The Case for Change

Important Questions to Ask

- Does the institution have the desired culture?
- Is productivity where it needs to be now and for the future?
- Are we truly rewarding our high performers?
- Are strategies being executed with excellence?
- Will we be able to attract and retain top talent?

If we do not accomplish these through performance management, then how?

What Did We Find at Penn State?

- Less than 50% of respondents believed that University leaders viewed performance management as a critical process.
- Only 11% believed the process was consistent across the University.
- Most supervisors and employees didn’t have the skills to successfully engage in effective performance management activities.
- Perceived limited or no value: high performance was not rewarded and low performance was not addressed or “dealt with”
Our Initial Focus

- Improved training and communication
- Incorporating goals
- Conversations between manager and staff
- Technology enablement
- Promoting differentiation
- Calibration
- Linking ratings to merit rewards
We have made slow and steady progress in a number of areas:

- Individual goals linked to University & Department strategic plans
- Ethics & Compliance components have been added to the process
- On-going performance conversations are happening more frequently between many supervisors and employees to help ensure “No Surprises”
- Overall ratings linked to merit pay
- Calibration conversations have begun and overall ratings have shifted towards a more accurate, fair and consistent distribution

Polling Question 2

- What’s your opinion on getting rid of ratings?
  - Never
  - It’s an interesting concept and we’re exploring it as an option
  - It’s an interesting concept but we’re not ready
  - We’ve already done it
Important Changes in Performance Management

- Cyclical nature
- Access to and use of data/talent analytics
- Notable organizations making changes

What is driving the recent changes?
What Really Drives Success?

**Leadership Support**
- Leaders as champions and role models
- Goal setting and alignment
- Performance norms set

**Execution**
- Manager, employee, and leadership skills
- Results linked to outcomes
- Measuring/monitoring
- Performance norms reviewed/calibrated

**Program Design**
- Process requirements
- Calendar
- Rating criteria, form, and scale
- Technology

*Highlight of Recent Changes*
- Apps
- No ratings
- Social media
- Crowdsourcing

*Think about what action you would take*
- Use of big data and analytics
- Delink performance reviews and compensation
- Coach to development and potential
Other Key to Success

- Leadership visibility and actions
- Ongoing, NOT just once per year
- Goal setting
- Honest, constructive, frequent feedback from managers

- Calibration
- Linked to outcomes
- Not a burden
- Technology enablement
- Manager skill

It makes a *meaningful* difference to employees and the organization

HOW TO MAKE GRADUAL CHANGES

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Source</th>
<th>Focus</th>
<th>Feedback</th>
<th>Link to Tech and Data</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No program</td>
<td>Compliance / Discipline</td>
<td>Limited</td>
<td>None</td>
<td>Organization-wide</td>
</tr>
<tr>
<td>2</td>
<td>Stand-alone annual/semi-annual performance reviews</td>
<td>Compliance / Discipline</td>
<td>Limited</td>
<td>Technology Enabled</td>
<td>Job-Specific</td>
</tr>
<tr>
<td>3</td>
<td>Cyclic performance management program with goal-setting, ongoing feedback and development discussions</td>
<td>Growth / Development</td>
<td>Annual/Semi-Annual/Quarterly</td>
<td>Technology Enabled</td>
<td>Job-Specific</td>
</tr>
<tr>
<td>4</td>
<td>Performance management program tied to short-term talent management and decisions</td>
<td>Growth / Development</td>
<td>Annual/Semi-Annual/Quarterly</td>
<td>Technology and Data Driven</td>
<td>Job-Specific</td>
</tr>
<tr>
<td>5</td>
<td>Individualized performance management using data-driven metrics focused on long-term talent development</td>
<td>Growth / Development</td>
<td>Just in Time</td>
<td>Technology and Data Driven</td>
<td>Job-Specific</td>
</tr>
</tbody>
</table>
**Polling Question 3**

What are your biggest challenges when it comes to performance management? (select all that apply)

- Lack of differentiation
- Tying salary increases to performance
- No value perceived in the process
- Lack of managerial courage (i.e., in providing accurate and honest feedback)
- Cumbersome form/program design or Little to no technology support / manual process

**Challenges**

Manager skills  
Time burden  
“Waste of time”  
Leaders don’t support

**Ways to Address**

Training, active coaching  
Keep it simple  
Don’t let it be  
Show them the money!
What Penn State is Focusing on Next

- Promoting calibration throughout the University
- Integrating Workday (including ability to cascade goals)
- Linking to talent management – Pay-for-performance, succession planning and career development
- Mandatory supervisor training

Final Word of Advice

Culture change takes time, and effort, and perseverance, and courage, and patience, and a sense of humor, and the unwavering faith that the future will be better as a result of the change.

“Your future hasn’t been written yet, no one’s has. Your future is whatever you make it. So make it a good one.”

—Doc Brown
Don’t forget to submit your questions to our presenters.

**How?** Click on the Q & A tab at the top of the presentation and select *Ask New Question*.

Thank you for joining us today!
Thank You!

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Thank You!

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