Performance Management
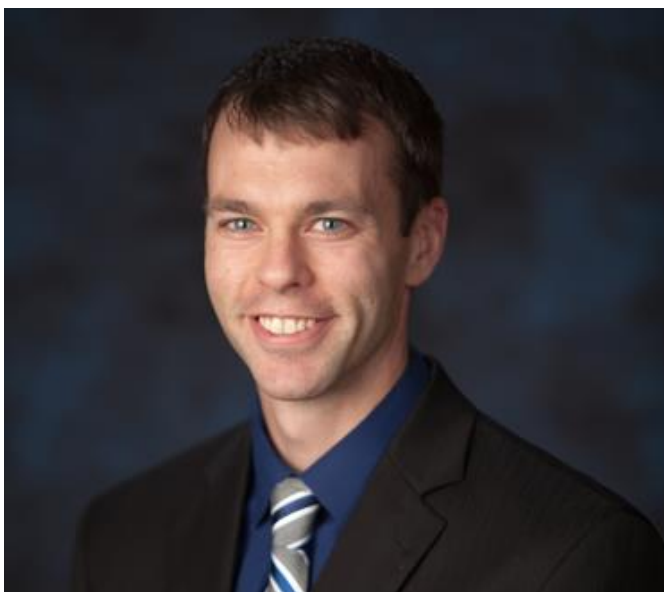
5 Practices of High-Performing Companies

Backward Integrated Design

Ben Eubanks

Principal Analyst

@beneubanks

Speaker

- Internationally recognized research and thought leadership on technology, talent strategy, innovation, and more

- Breaking the analyst mold: Unique blend of practitioner experience and research

- Insights have helped more than **1 million** practitioners around the globe

- We're Only Human podcast focuses on intersection of technology and work

About the Research

- 250+ employers
- 25 executive interviews
- Meta-analysis of 8 other studies
- Hypotheses: engagement, culture, performance management, and company performance are interrelated

gettalk.at/atd

Informal Poll

Which of the following is true for your organization?

- Our current approach to performance management <u>increases</u> employee engagement.

- Our current approach to performance management <u>decreases</u> employee engagement.

Engagement, Performance Linked

- Low-performing companies are 58% more likely to say their approach to performance management is **<u>ineffective</u>**.

- High performers 20% more likely to say their approach to performance management **<u>improves</u>** engagement.
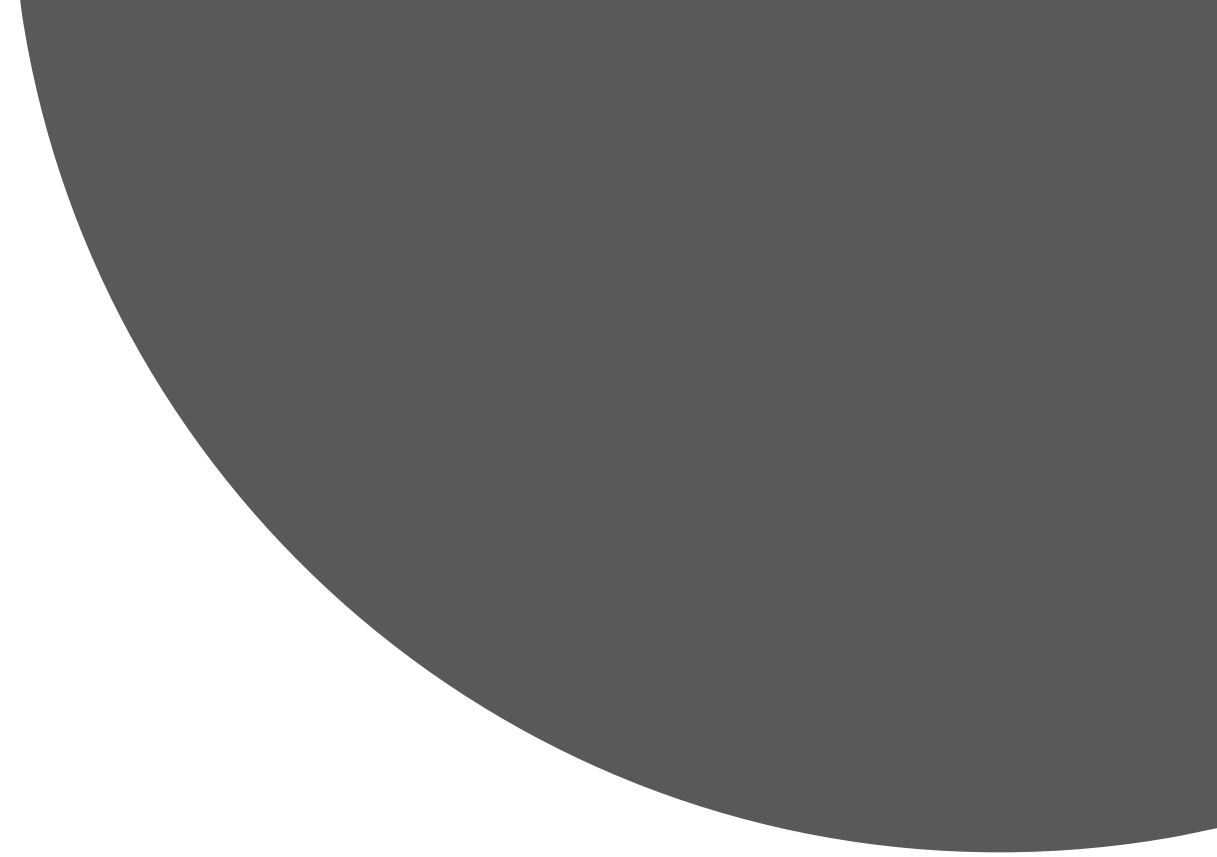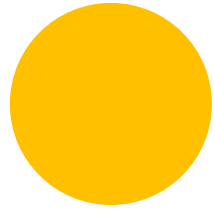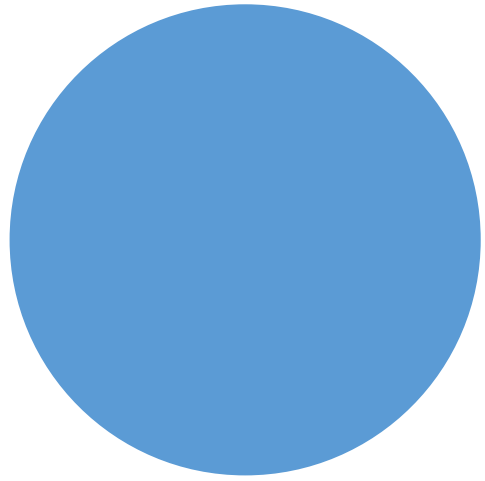
Agenda

- Research Highlights
  - Recognition
  - Manager Feedback
  - Peer Feedback
  - Development Coaching
  - Focus on Strengths
- Connecting Performance, Engagement, and Business Results
- Q&A

- Retention
- Revenue
- Employee Engagement

Defining "High-Performing"

5 Practices of High-Performing Companies

Recognition

- 37% more likely
- Zig Ziglar says...
- Don't fall for the Millennial trap
- Behavior modification

Case Study: Ohio Living

- Ohio-based home health and hospice care
- 3k employees
- 70k clients
- Surprising recognition outcomes

In the Moment Manager Feedback

- 29% more likely
- Alan Mulally's approach
- Avoid the sandwich
- Expectations + Assurance

Case Study: Stout Advisory

STOUT

- US-based investment banking advisory firm
- 475 employees
- Annual goals aren't bad, but they need revisiting
- "Stale feedback"

Peer Feedback

- 26% more likely
- Make it simple (not a 360-degree process with twelve steps)
- Anonymity vs. confidentiality
- Upward feedback

Case Study: CVS

- 250k employees
- Retail pharmacy
- Focus on the giver, not just the receiver
- Use as signal for succession

Development Coaching

- 20% more likely
- 90% of workers take a job **outside** their company
- Keep it simple (5/1)
- Micromanage your heart out

Case Study: Chipotle

- Restaurant chain
- 60k global employees
- Pre-Implementation Baseline: 52% salaried store manager turnover
- Post-Implementation: turnover for salaried managers dropped to 35%; dropped for hourly managers by **more than half**
- Paid out $1+ million in people development bonuses in 2010.

Case Study: Hootsuite

Hootsuite™

- Canadian technology firm
- CEO/executive support from the top
- It's beyond leveling up. It's about expanding into new skills and territory.
- Stretch assignments: 90 day period, 1 day per week. Reduced job duties. Learning plans from both managers.

Focus on Strengths

- 14% more likely
- Albert Einstein's **other** theory
- Lessons from athletics
- "Give the man his guitar"

Case Study: Credit Suisse

- 48k workers
- Swiss banking and financial services
- "Internals first"
- 2016: 4,400 internal employees made a move
- $75+ million in hiring and training costs saved

Pro Tip: It's About Culture Change

- Change doesn't happen overnight
- Every organization's rhythm is different (monthly, quarterly, etc.)
- It's not about the platform, technology, or process--it's about the behaviors
- Framing the change (WIIFM?)
  - Employees: own your own career
  - Managers: framework for managing people
  - Business leaders: all about accountability

Qualitative High-Performer Responses

- Cheering on the progress, not just the end result.

- employee led process

- Focus on what manager can do for employee, to eliminate barriers and make work easier

- Identifying potential high value employees and working to develop them by providing projects, opportunities.

- Monthly and weekly one-on-one sessions with employees

- Upward feedback

- We focus on work-life balance goals and how we live into our value words (respect, integrity, wholeness, creativity, empowerment)

Other High-Performer Findings

- More likely to believe technology enables greater visibility into performance trends

- Less likely to say their technology is a hindrance

- More likely to say that driving engagement, individual, and business performance is the goal of performance management

- Less likely to say that compliance is the primary reason for performance management

Learning from High-Performing Companies

| Talent Practice	Gap Analysis: High Performer are…
Focus on eliminating weaknesses	25% **less** likely to focus on eliminating weaknesses
Forced/stacked ranking	31% **less** likely to use stacked ranking
Annual goal setting	4% **less** likely to prioritize annual goals
More frequent goal setting (two or more sessions annually)	44% **more** likely to do more frequent goal setting
Recognition for performance	37% **more** likely to use recognition to drive performance
In the moment manager feedback	29% **more** likely to use in the moment feedback
Peer feedback	26% **more** likely to use a peer feedback mechanism
Coaching for development	20% **more** likely to use coaching for development purposes
Focus on strengths	14% **more** likely to focus on employee strengths

"Lessons learned" from Low Performers

- Low-performing companies are 58% more likely to say their approach to performance management is **ineffective**.

- These "traditional" performance approaches may actually demotivate your **BEST** workers.
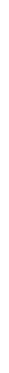
Talent Practice
Focus on eliminating weaknesses
Forced/stacked ranking
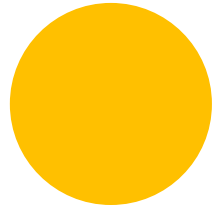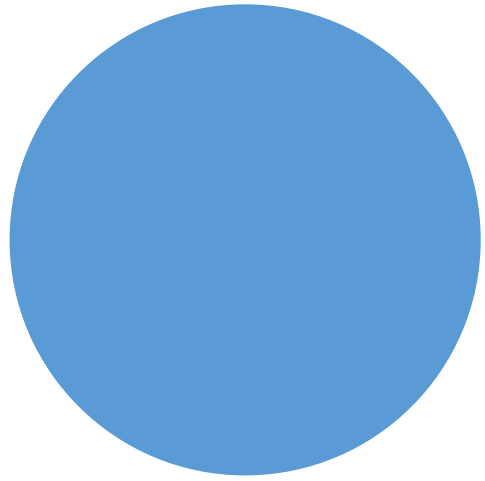
Connecting Engagement with Business Results

Engagement as a Business Indicator

- High performers 20% more likely to say their PM approach drives engagement.
- The power of engagement:
  - Productivity
  - Retention
  - Customer satisfaction
  - Revenue
- Key: Find **your** practical impact

Practical Performance Impacts of Engagement

- Retail
- Healthcare
- Financial services

Action Items

- Increase adoption of other high-performing practices

- Consider the performance-engagement link: is your current approach **driving** or **harming** engagement?

- Bring that discussion to the executive table to influence decisions and drive the business case for change

Instant download of the research plus 8 other studies from our meta-analysis.

gettalk.at/atd
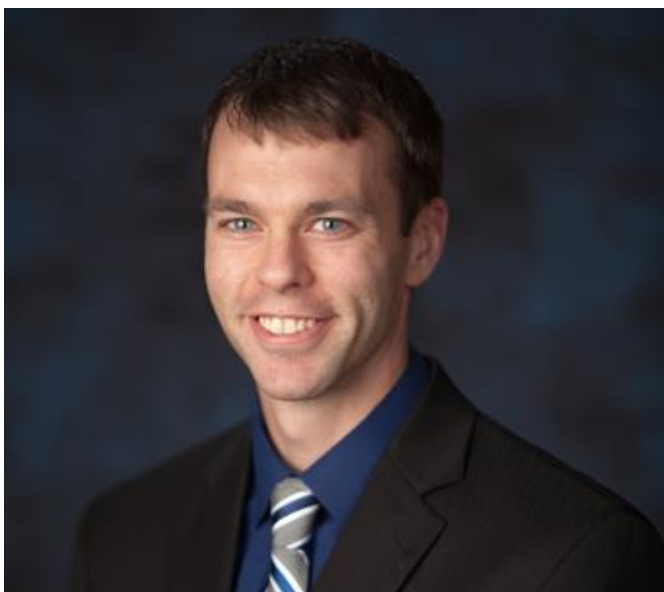
Ben Eubanks

Principal Analyst

Questions?

Email: ben.eubanks@LHRA.io

Website: LHRA.io

Twitter: @beneubanks