Management Performance & Reward Program

ACHIEVING ORGANIZATIONAL EFFECTIVENESS
In this section...

- Rationale for a Program Development
- How it supports the performance and reward philosophy
- What the Program is
- What it can do for managers
Integrated Action Plan
Where do we want to be?

Convergence Report
Where are we now?

Organizational Change Initiative Implementation

Performance and Outcomes Plans
How we will get there?

Performance Results

Management Performance Assessment – Merit Salary
Organizational Leadership Assessment – Merit Salary and Contract Extensions
Key Point for Performance Management

Alignment

Organizational Strategy
How we think and act to support the strategy

Rewards & Recognition/Performance Management

Organization’s Desired Results
Why a Program for Performance Management is needed

- Link employee performance measures to Organizational goals
- Establish clear, measurable, and accountable performance goals
- Define a common set of behavioral expectations to drive performance excellence
Why a program is needed (cont’d)

- Provide competitive compensation that accurately reflects value of position
- Reward superior performance
- Support Organization’s performance and reward philosophy
- Provide a consistent process for measuring and rewarding performance
The development process

Current Practice

Strategy

Work Culture

Questions

Data Collection

Data Synthesis

Board of Directors

Performance & Reward Philosophy

Sources
- Organizational Data
- Sr. Leadership
- Employees
- Theory/Best Practice

Methods
- Interviews
- Focus Groups
- Survey Tools
- Dept.-based Work Group Teams
Refocus the performance assessment as a management process designed to achieve organization goals, drive necessary organizational change, and directly link each division’s managers objectives to Organizational goals.

Establish clear and measurable performance goals and objectives against which accountability will be established and performance assessments will be conducted.
The Organization’s performance and reward philosophy

- Define a common set of behavioral expectations that are linked to Organization values and support the achievement of divisional goals and objectives.

- Attract, retain, and motivate high quality management employees who along with staff are critical to the overall achievement of the Organization’s Mission, Vision, and Goals.
• Provide compensation levels that **accurately reflect the relative value** of positions within the System

• Provide **externally competitive compensation** relative to appropriate national and regional labor markets
The Organization’s performance reward philosophy

- Reward superior individual and/or team performance measured by organizational results, the demonstration of desired behaviors, and the achievement of personal/team goals
- Be clearly and consistently communicated to all management employees
- Be administered through a common framework with flexibility for local administration
Crossing the bridge...

Where we are

Launching Program Training

Performance and Reward Program

Management Performance Excellence

Where we need to be
Three program components

- Pay Delivery
- Job Classification
- Performance Management
Classifying jobs—three factors

Relative Value

Know How

Problem Solving

Impact/Accountability

Job Content
Classification Review

- Expand grade levels to match breadth of work within the Organization
- Revise classification categories to better distinguish types of work performed
- Ensure job categories reflect levels of contribution to the Organization
• Internally consistent and externally competitive compensation structure
• Salary increases based on performance
• The ability to better recognize superior performance
• The ability to better achieve parity
Pay delivery tools

- **Merit increase pool**—performance-based awards driven by achievement of goals and core competencies

- **Special performance awards**—performance-based awards for superior individual or team contribution

- **One-time parity adjustment**—recognize performance and achieve parity between positions
Performance Management

- Management process to organizational effectiveness and employee performance goals.
- Measure performance based on organization goals, individual results, and competencies.
What performance management does for managers...

- Promotes two-way communication and participation
- Provides a mechanism for determining and establishing goals critical to the organization
- Focuses on desired results and the processes to achieve them
- Emphasizes individual contribution to success and establishes rewards for superior performance
- Helps identify employee development needs
- Promotes individual and organizational success
The Performance and Reward Program is critical to supporting the Organization’s philosophy, while providing a collaborative and accountable process that integrates individual success and the Performance and Outcomes Plan of the Organization.
The performance management steps

I. PLANNING
• Link to Organization Strategic Plans/Goals
• Establish Performance Expectations & Development Plan
• Gain Commitment

II. COACHING
• Track
• Coach
• Reinforce

III. REVIEWING
• Compare Actual To Expected

IV. REWARDING
• Link Performance To Compensation
• Recognize Superior Performance

Pursuing Performance Excellence
The Performance Management Process

I. Planning
II. Coaching
III. Reviewing
IV. Rewarding
The performance management steps

I. Planning

- Executive/Strategic Leadership reviews Organizational goals and works with Division/Department Managers to set goals
- Division/Department Managers communicate goals
- Management employee develops drafts of individual goals and expected results
- Supervisor and management employee participate in planning discussion:
  - agree on goals and expected results
  - discuss competencies applicable to job
  - establish expected behavioral levels
  - discuss developmental opportunities
  - discuss meaning of ratings
The performance management steps

II. Coaching

- Supervisor tracks individual/team performance and reinforces/coaches
- Management employee tracks individual/team performance
- Management employee asks for feedback
- Management employee tells supervisor about any successes/barriers to success
- Management employee and supervisor assess ongoing relevance of goals/make modifications
- Supervisor or management employee initiates interim review meetings
The performance management steps

- Management employee provides information on actual results to Supervisor
- Supervisor completes Actual Results column, assigning ratings and providing comments
- Supervisor completes Competencies sections and assigns ratings
- Supervisor completes the Accomplishment section of Development Plan
- Supervisor completes Overall Performance Summary and assigns Overall Performance Rating
- Supervisor shares draft form with reviewing officer
- Management employee and supervisor meet to discuss and finalize performance appraisal

III. Reviewing
The performance management steps

IV. Rewarding

- Throughout the year, supervisor uses non-cash recognition to reward/reinforce performance
- Supervisor uses pay guidelines to provide input regarding merit increases based on performance results
- Leadership recognizes employee performance with merit increase
- Leadership recognizes management employees/teams for Special Performance Awards
The roles of all managers

- Take an active role in the process
- Support the process throughout the rating period
- Set realistic, appropriate goals aligned with the Organizational strategy
- Measure results objectively
- Identify needs and resources for employee development

The management employee and supervisor take joint accountability for the performance management process.
In this section...

- Using the performance equation
- Core Performance Results
- Job Specific Performance Results
- Organization Core Competencies
- Job Specific Competencies
- Designing Developmental Plans
- Setting performance expectations
The performance equation

\[ \text{Outcomes} = \text{What Work Is Done} \times \text{How the Work Is Done} \]
Using the performance equation

WHAT

RESULTS

Core Performance Results

Job-Specific Performance Results

HOW

COMPETENCIES

Core Competencies

Job-Specific Competencies
RESULTS
(5-8 objectives)

Core Performance Results

Job-Specific Performance Results
Core performance areas

- A goal in each area
- Driven by Organizational goals

Health of the Organization

Customers and Stakeholders

Continuous Improvement

Financial Health

Quality and Value

Operational Efficiency and Improvement
Core performance areas

- **Health of the Organization**
  - Revenues, productivity, costs, asset utilization, budgetary flexibility, financial audits

- **Customers and Stakeholders**
  - Market share, retention, Staff quality, work diversity, customer satisfaction, stakeholder surveys

- **Continuous Improvement**
  - Core processes, organization learning and growth, program review, certifications
“Cascading” goals and objectives

Results reflect the mission, vision, and goals of the Organization
Job specific performance areas

- A goal in up to five additional areas
- Driven by Division/Department goals
Goals should be as SMART as possible:

- **S**pecific
- **M**easurable
- **A**ttainable
- **R**elevant
- **T**ime-Based
HOW

COMPETENCIES
(5-8 behaviors)

Core Competencies

Job-Specific Competencies
“A competency is an underlying characteristic of an individual that causes or predicts effective and/or superior performance in a job or situation.”

David C. McClelland, Ph.D.
Top performers do things differently.

**Initiative**

- **Behavioral Level Complexity**
  - Never
  - Always

- **Frequency**
  - Never
  - Always

**Average Performer**

**Outstanding Performer**
## Core competencies

### Target Culture

<table>
<thead>
<tr>
<th>All Participants</th>
<th>Treating employees fairly and consistently</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Using limited resources effectively</td>
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<tr>
<td>Encouraging teamwork</td>
<td>Rewarding superior performance</td>
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<tr>
<td>Maximizing customer satisfaction</td>
<td>Providing employees with resources to satisfy customers</td>
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<tr>
<td>Delivering reliably on commitments to customers</td>
<td>Attracting top talent</td>
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<tr>
<td>Being flexible and adaptive in thinking and approach</td>
<td>Demonstrating understanding of the customer's point of view</td>
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<tr>
<td>Continuously improving operations</td>
<td>Capitalizing on creativity and innovation</td>
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- Continuous improvement
- Customer service orientation
- Valuing diversity
- Teamwork and collaboration
- Results orientation
Continuous improvement

Taking a new or unique approach to how work is done and striving to continuously improve processes and quality.

Examples:
- Recognizing the need for a new approach and looking at doing it differently to be more effective
- Thinking “outside the box” to find new solutions
Customer service orientation

Focusing one’s efforts on discovering and meeting the customer’s needs. (Customers can include associates, peers, colleagues, community members, etc.)

Examples:

- Matching customers’ needs to available resources
- Correcting problems promptly and undefensively
Valuing diversity

The ability to understand and respect the practices, customs and norms of other individuals, groups and cultures. Includes the ability to respect and value different points of view.

Examples:

- Appreciating and looking for ways to gain new knowledge of other groups
- Respecting the practices of other individuals or groups
The intention to work cooperatively with others, to be part of a team, to work together, as opposed to working separately or competitively. (“Team” is defined as any task- or process-oriented group of individuals.)

Examples:

- Supporting team decisions and doing your share of the work
- Valuing the input and expertise of others
A concern for holding yourself and others accountable for achieving results or for surpassing a standard of excellence.

Examples:
- Keeping track of and measuring outcomes
- Setting out to achieve increased standards
## Job Specific Competencies

**Additional behaviors that drive effective performance:**

<table>
<thead>
<tr>
<th>• Analytical thinking*</th>
<th>• Interpersonal understanding</th>
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<tbody>
<tr>
<td>• Change leadership**</td>
<td>• Organization awareness</td>
</tr>
<tr>
<td>• Conceptual thinking</td>
<td>• Relationship building</td>
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<tr>
<td>• Developing self and others*</td>
<td>• Self-confidence</td>
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<tr>
<td>• Flexibility/adaptability</td>
<td>• Strategic orientation**</td>
</tr>
<tr>
<td>• Impact and influence*</td>
<td>• System thinking**</td>
</tr>
<tr>
<td>• Initiative*</td>
<td>• Team leadership*</td>
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</table>

* May be more critical for supervisory roles

** May be more critical for Strategic Leadership level positions
During preparation phase, development plan goals should be identified:

- Results-based goals
- Competency-based goals
- Training and education needs

During evaluation phase, accomplishments should be noted
“Raising the Bar”

3 ➔ Significantly Exceeds Expectations

2 ➔ At or Above Expectations

1 ➔ Below Expectations
The overall performance rating

- Reflects relative importance of goals
- Not necessarily a mathematical average
- Can be a fraction
- Departments should ensure consistent application
- Should be indicated by individual ratings and the importance (weight) of ratings in different performance areas
In the first year of the Program, RESULTS should be the basis for the overall rating, though it may be adjusted — upward or downward — by how well competencies are demonstrated.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2014</td>
<td>Sep/Mid-Nov: Training</td>
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<td></td>
<td>Oct/Nov: Set Goals</td>
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<tr>
<td>2015</td>
<td>Jan/Feb: Mid-year review</td>
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<td></td>
<td>June: Performance review</td>
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Next steps

- Complete Organizational/division training by mid-November
  - Use Organizational-wide training assistance to help facilitate a consistent message
- Have managers complete the goal setting process, i.e. the development of individual/team goals
- Have managers complete the preparation portion of the Management Performance Appraisal and Development Form
- Submit suggestions for improvement (process, forms) through your Human Resources Director
- Implementation team to mentor fellow managers needing assistance regarding the Program
- Stay focused on the ongoing process and its requirements
Pursuing Performance Excellence