HR: The New Evolution

Performance Enablement:

Driving and sustaining performance without having to reinvent, revolutionize, re-"insert word" or blow anything up

April 7, 2016

HARRT at UCLA
HUMAN RESOURCES ROUND TABLE
Since 1986

30 CELEBRATING YEARS

WillisTowersWatson

Today's discussion

- Welcome

- Performance Enablement: A tale of two companies

- Performance Enablement: The not-so-secret sauce

- Your Turn

- Wrap-Up

Performance Enablement:
A tale of two companies

At Microsoft, our mission is to:

Help people and businesses throughout the world realize their full potential

At Nike, our mission is to:

Bring inspiration and innovation to every athlete* in the world.

* If you have a body, you are an athlete.

Performance Enablement Evolution

Microsoft Abandons 'Stack Ranking' of Employees

WRITE THE FUTURE

Two Companies: Key Commonalities

While both companies have distinct cultures and are at different places in their Performance Enablement evolution, there are some commonalities in approach.

Understand the Landscape

Develop the Philosophy

Innovate and Iterate

Make it Happen

Performance Enablement
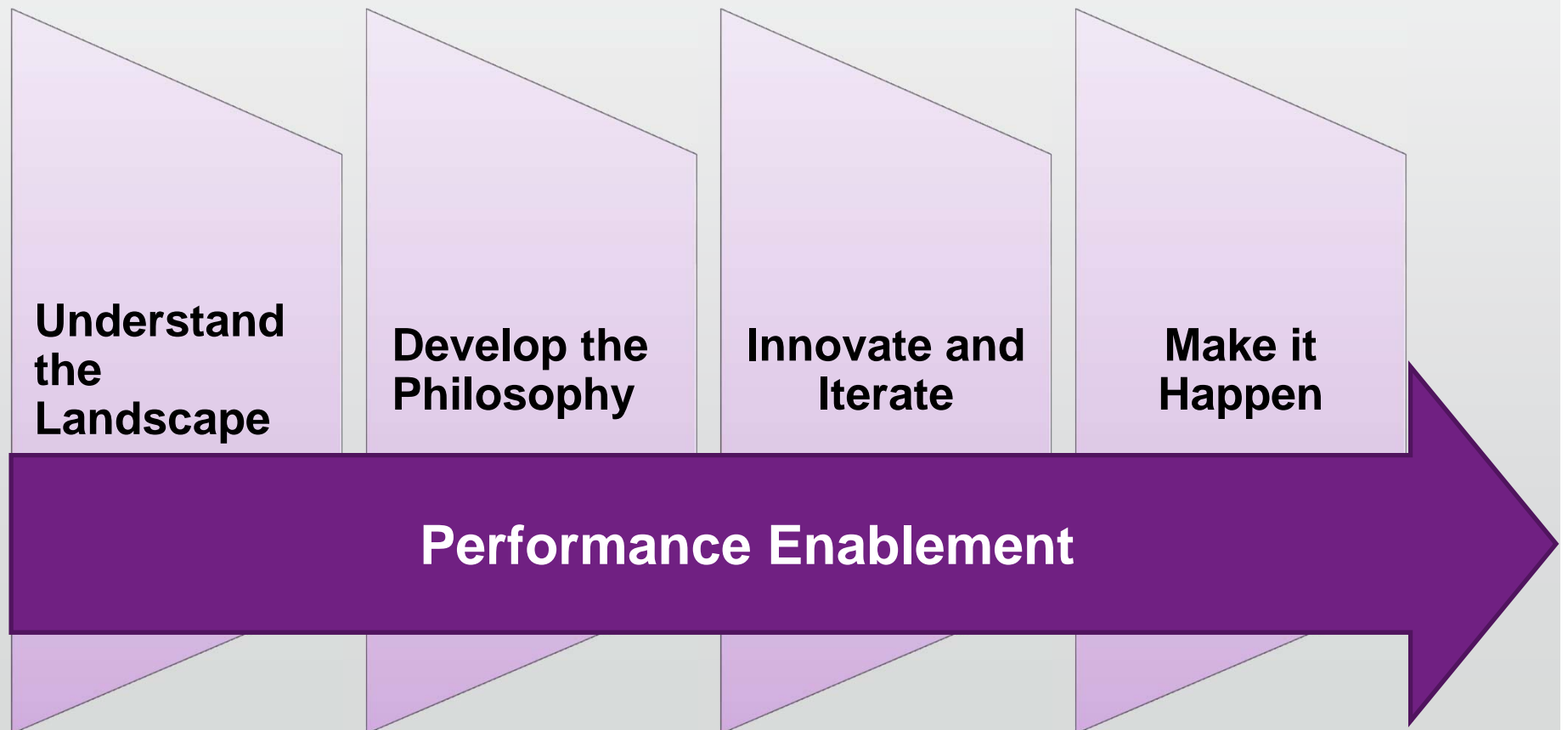
Performance Enablement:

The not-so-secret sauce

Performance Enablement: The ROI is compelling

Our most recent Global Workforce Study shows that employees who have a positive view of performance enablement are more likely to be highly engaged

Engaged employees change the bottom line

3x operating margin

6.5 fewer days absent

41% lower retention risk

Source: Willis Towers Watson 2014 Global Workforce Study

…yet despite the ROI, performance management hasn't delivered on its promise

34%
of organizations feel their overall performance management process is **effective**.

Willis Towers Watson Performance Management North America Survey 2015

95%
of **managers** externally report **dissatisfaction** with their performance management systems.

Corporate Executive Board 2014

C grade or below
Rating of performance management systems by **58% of organizations**.

World at Work survey

33%
of employers feel managers *effectively discuss career development* as part of the performance management process.

2014 Willis Towers Watson Global TM&R Study - Global

39%
of employees are satisfied with their current performance management systems

*Willis Towers Watson Performance Management North America Survey 2015*

Why? Because when it comes to enabling performance, we invest our time, budget and effort in irrational ways

In endeavoring to enabling performance, organizations spend a disproportionate amount of resources on program design and mechanics
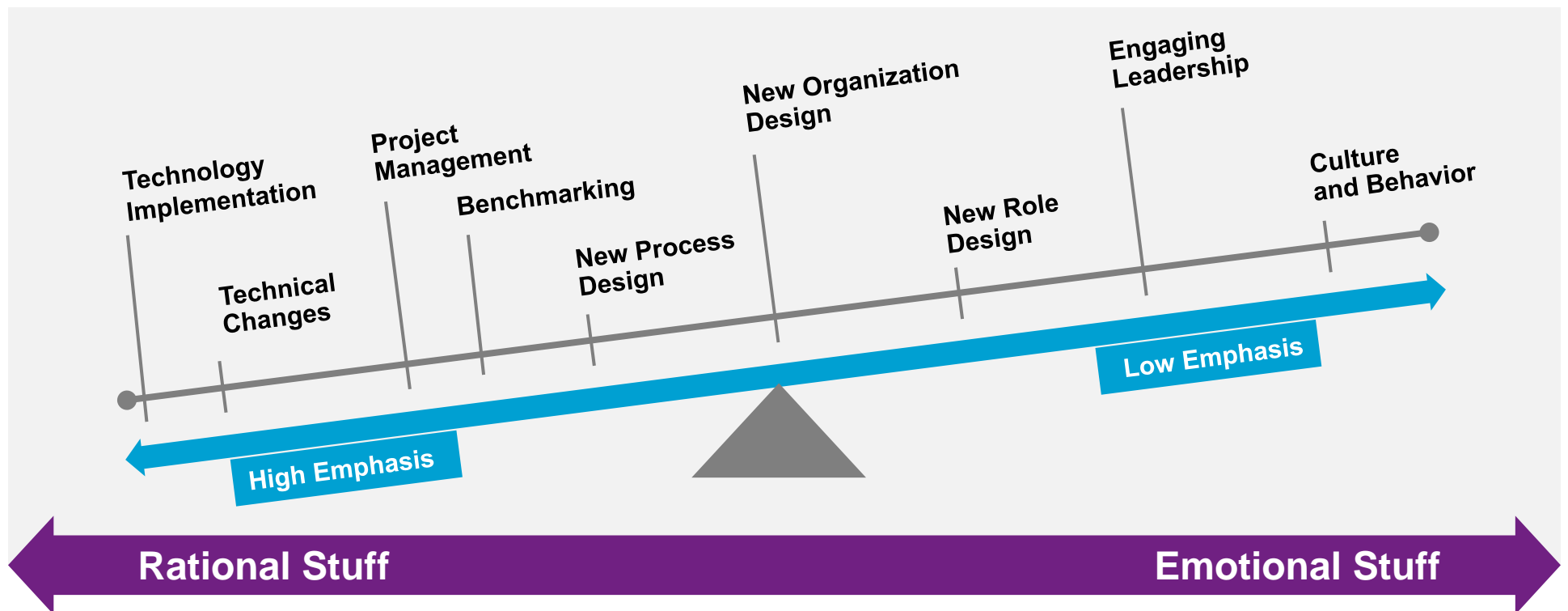
To be effective over time, performance enablement needs to be grounded in a holistic view of human capital

Willis Towers Watson Human Capital Framework
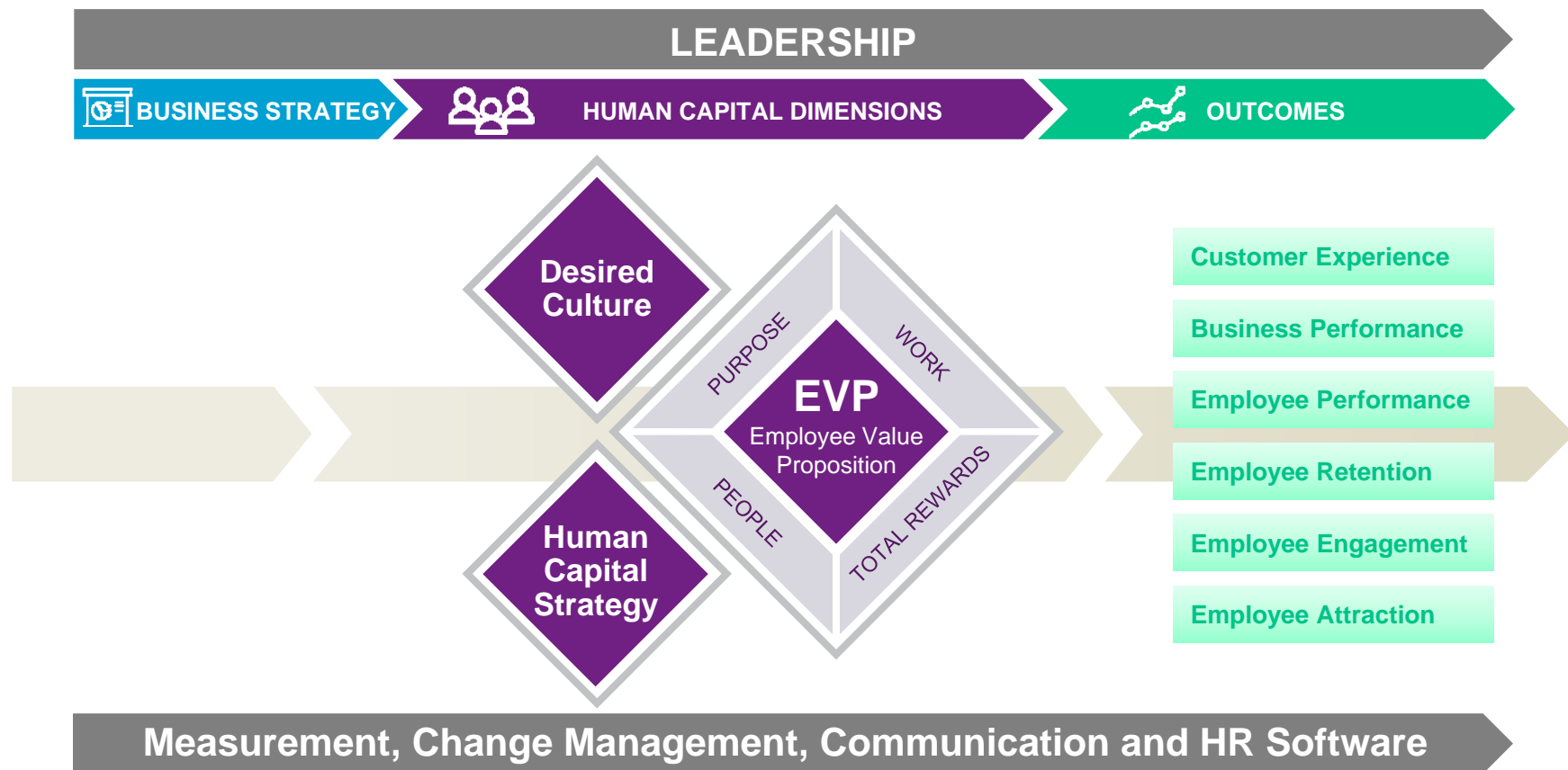
Keys To Enabling And Sustaining High Performance

Effective performance enablement requires an integrated approach comprising each of the following:

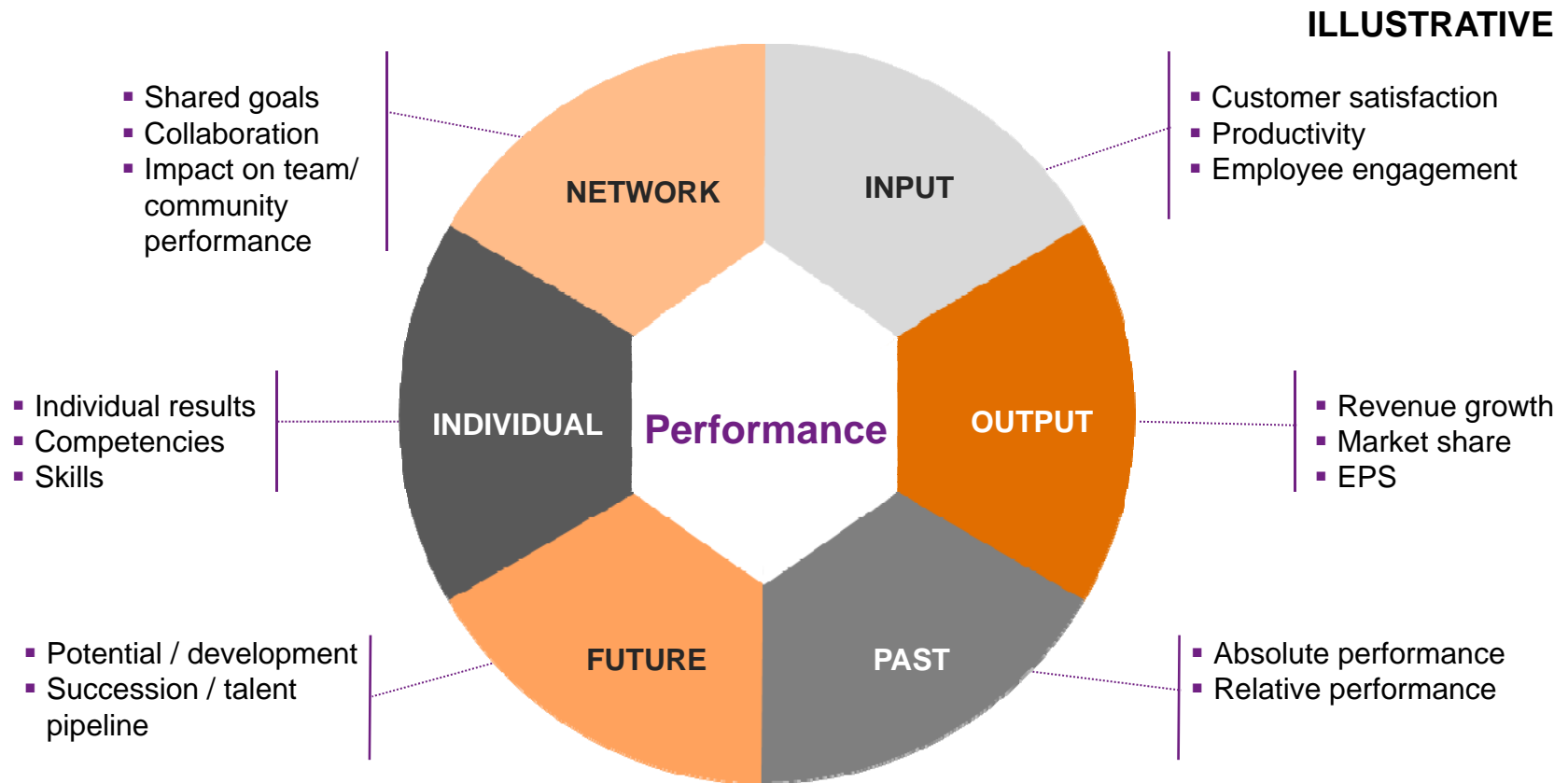| Define Performance	Drive the Right Performance	Reward for Performance	Cultivate a High Performance Culture

Adopt Enabling HR Software

How do you define performance?

High performing organizations adopt a broad definition of performance to align with their business model and human capital strategy

ILLUSTRATIVE

- Shared goals
- Collaboration
- Impact on team/ community performance

NETWORK

- Customer satisfaction
- Productivity
- Employee engagement

INPUT

- Individual results
- Competencies
- Skills

INDIVIDUAL

Performance

OUTPUT

- Revenue growth
- Market share
- EPS

- Potential / development
- Succession / talent pipeline

FUTURE

PAST

- Absolute performance
- Relative performance

Why have ratingless programs not worked in some organizations?

- Challenges that organizations adopting ratingless programs may face if implemented without care and preparation:

  - Managers ill-equipped and unprepared

  - Questioning of fairness of process due to inconsistencies

  - Demotivation of employees due to disconnects between performance and reward

  - "Bad" behaviors persist as culture has not changed

Are your managers ready to take the training wheels off?

"Blowing up" performance management does not automatically lead to performance nirvana either

- Regardless of whether changes to the performance management program are incremental or an overhaul, need to focus on the basics of increasing efficiency or effectiveness

Increase efficiency and effectiveness
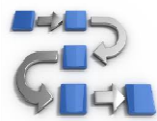'Make it better and make it matter'

Manager Effectiveness
Equip leaders to champion high performance

Process
Focus on the performance experience

Measuring
Support and assess continuous improvement
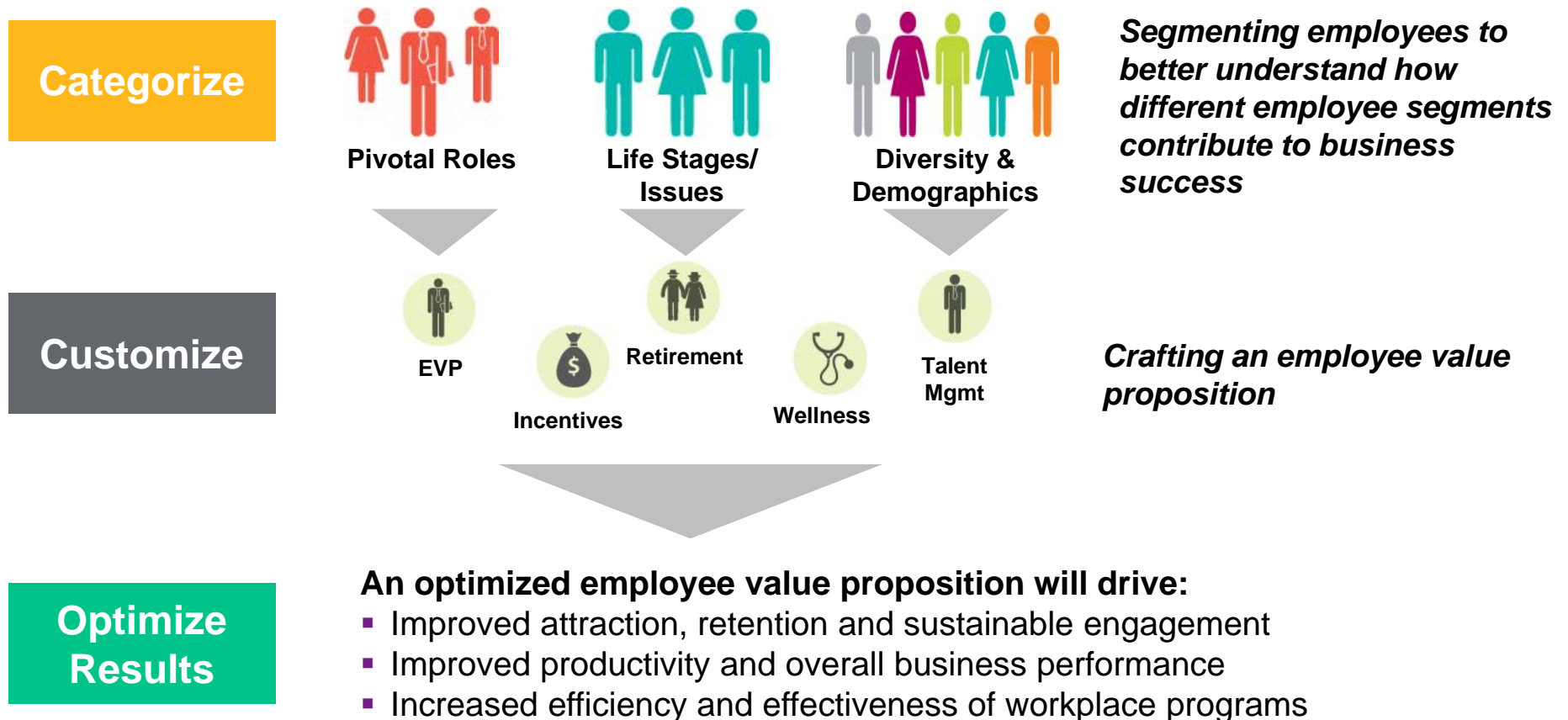
Communication and Transparency
Sustain momentum through guidance and openness

Technology
Enable information exchange, efficiency, and effectiveness

Expand the portfolio of performance rewards to better motivate by talent segment

Categorize

Pivotal Roles

Life Stages/ Issues

Diversity & Demographics

Segmenting employees to better understand how different employee segments contribute to business success

Customize

EVP

Incentives

Retirement

Wellness

Talent Mgmt

Crafting an employee value proposition

Optimize Results

An optimized employee value proposition will drive:
- Improved attraction, retention and sustainable engagement
- Improved productivity and overall business performance
- Increased efficiency and effectiveness of workplace programs

Motivate behaviors that drive performance

Even the most brilliant business strategy will fail if you cannot motivate your talent to deliver on it.

Here's how to get started:

who	*what*	*how*	*why*	*when*
Segment	**Empower**	**Personalize**	**Brand**	**Access**
Segment your audiences so you can **adapt the design** and **delivery** of performance processes, programs, culture and the overall experience	Know what motivates your audiences and empower them by offering **"choice"** and a **"voice"** in the cultivating performance culture	Determine how you will engage your audiences and leverage **personal, two-way interaction** about performance enablement	Create an engaging and integrated **performance enablement experience** that is **differentiated** from your talent competitors	**Provide relevant performance information** on the employee's desired terms – at the right time, in the right way and with the right channel

The Workforce Is undergoing rapid change

The New Normal: Treating Employees Like Consumers

70%

Percent of employees believing that their organization should understand them to the same degree that employees are expected to understand external customers

Percent of employees reporting having an employer that understands them in this way

43%

Source: 2014 Willis Towers Watson Global Workforce Study

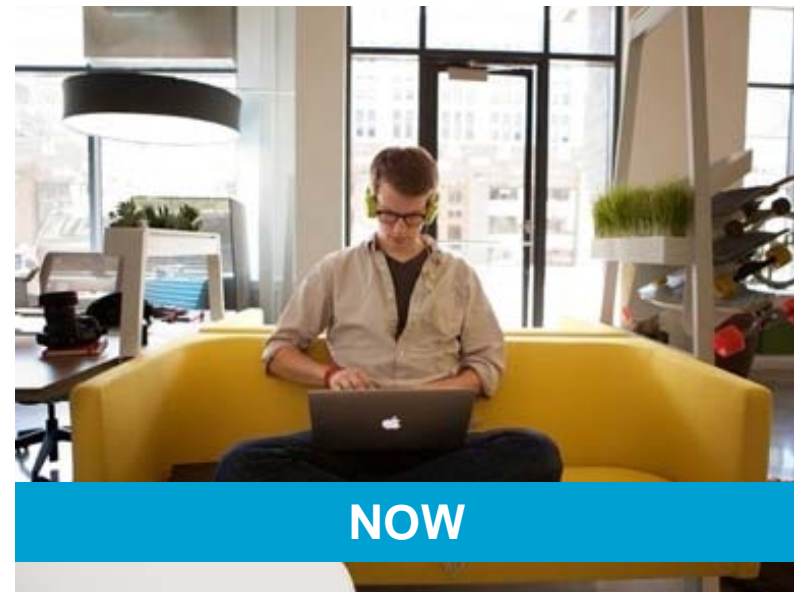**Employees aren't just looking for a career; they're looking for a personal <u>experience</u>**

How should this shape our thinking on performance enablement?

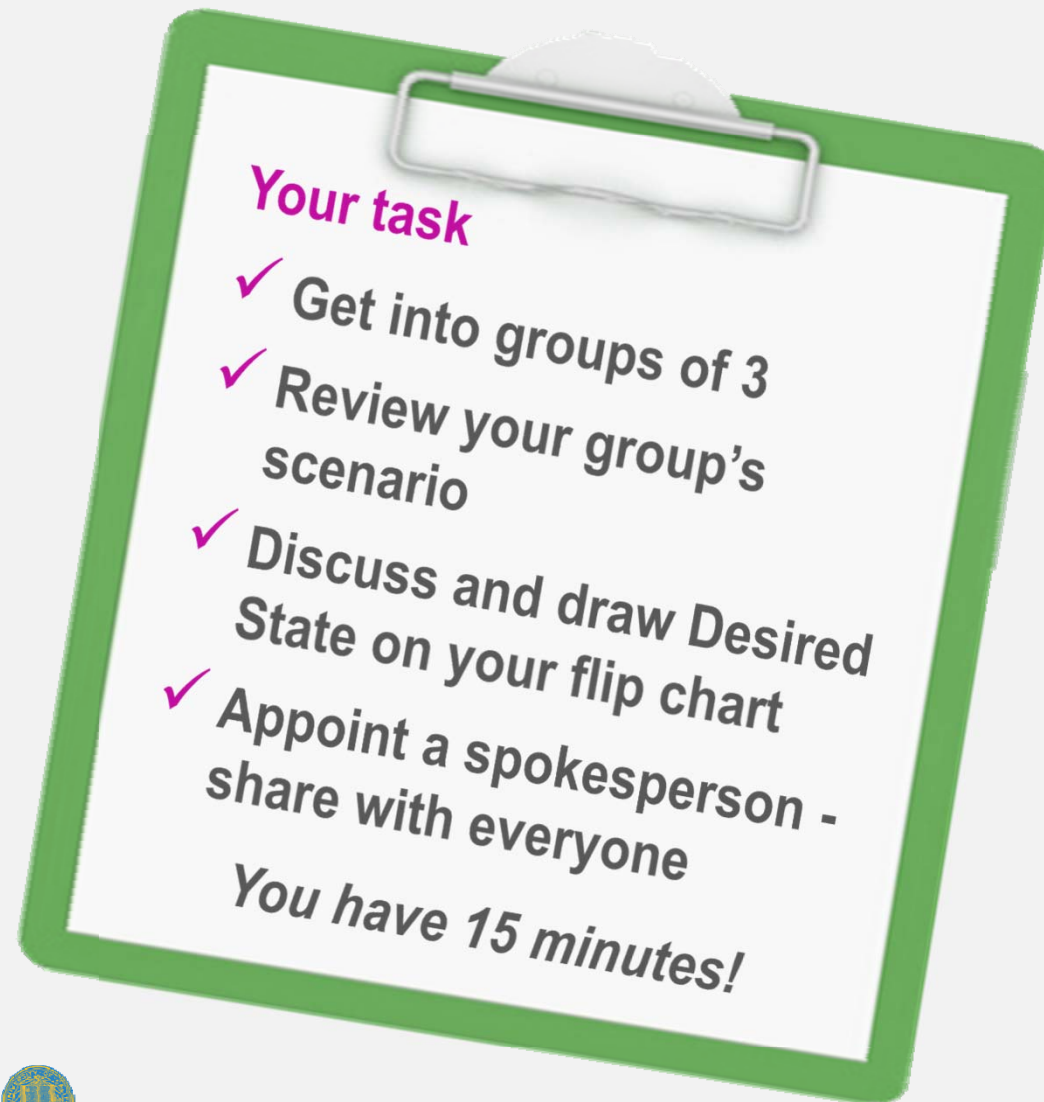Range of different value systems in an organization

BEFORE

NOW

- **Live** to work
- **Individual** achievement
- **Corner** office
- **Prestige**
- **$$** for performance

- Work to **live**
- **Group** oriented delivery
- **Flexible** schedules/social media
- **Giving back**
- **?** (experience/$$/values/flexibility/ other) **for performance**

Your Turn!

Are you ready? Get set! Draw!

Your task

✓ Get into groups of 3

✓ Review your group's scenario

✓ Discuss and draw Desired State on your flip chart

✓ Appoint a spokesperson - share with everyone

You have 15 minutes!

Scenario 1

How might we expand the portfolio of performance rewards to better motivate by talent segment? Does one size fit all?

Current State

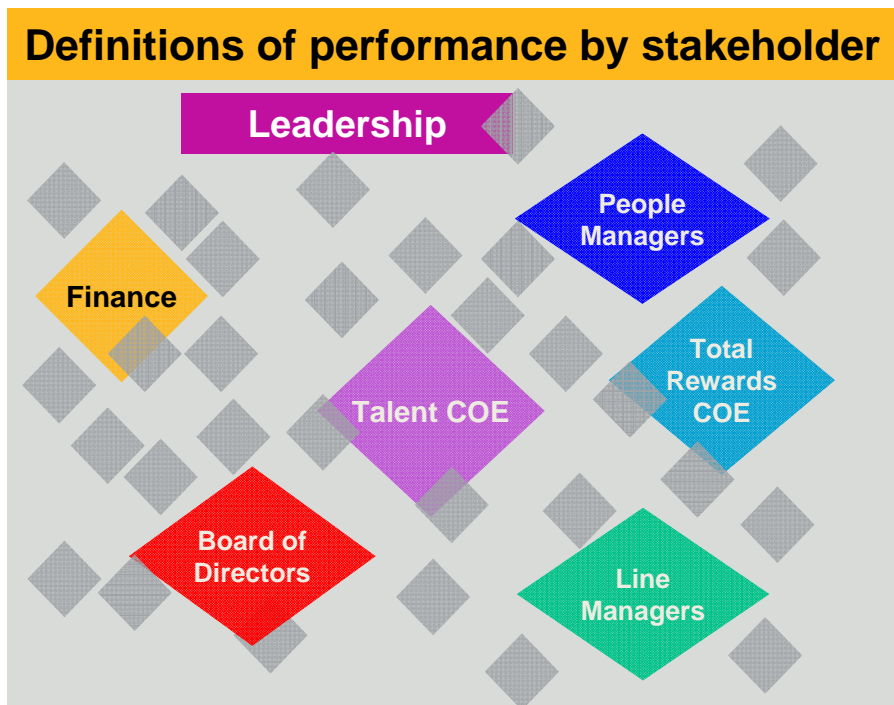| Segments	Performance Rewards
High potential employees	For all segments:
Entry level millennials	▪ Merit
Manager of managers	▪ Annual incentives
	▪ Service awards

Desired State

?
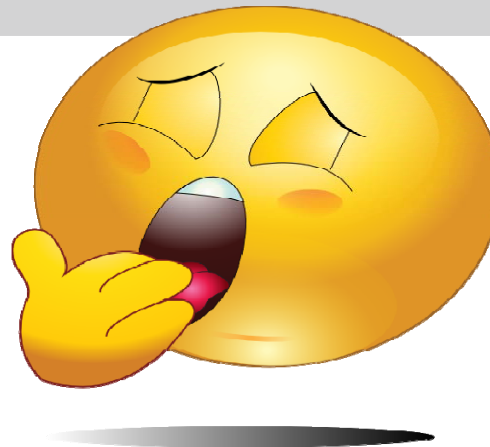
Scenario 2

Why is defining performance upfront important? How do we ensure alignment across stakeholders?

Scenario 3

What is the role of leadership in performance enablement?

Leadership

Questions and Wrap Up