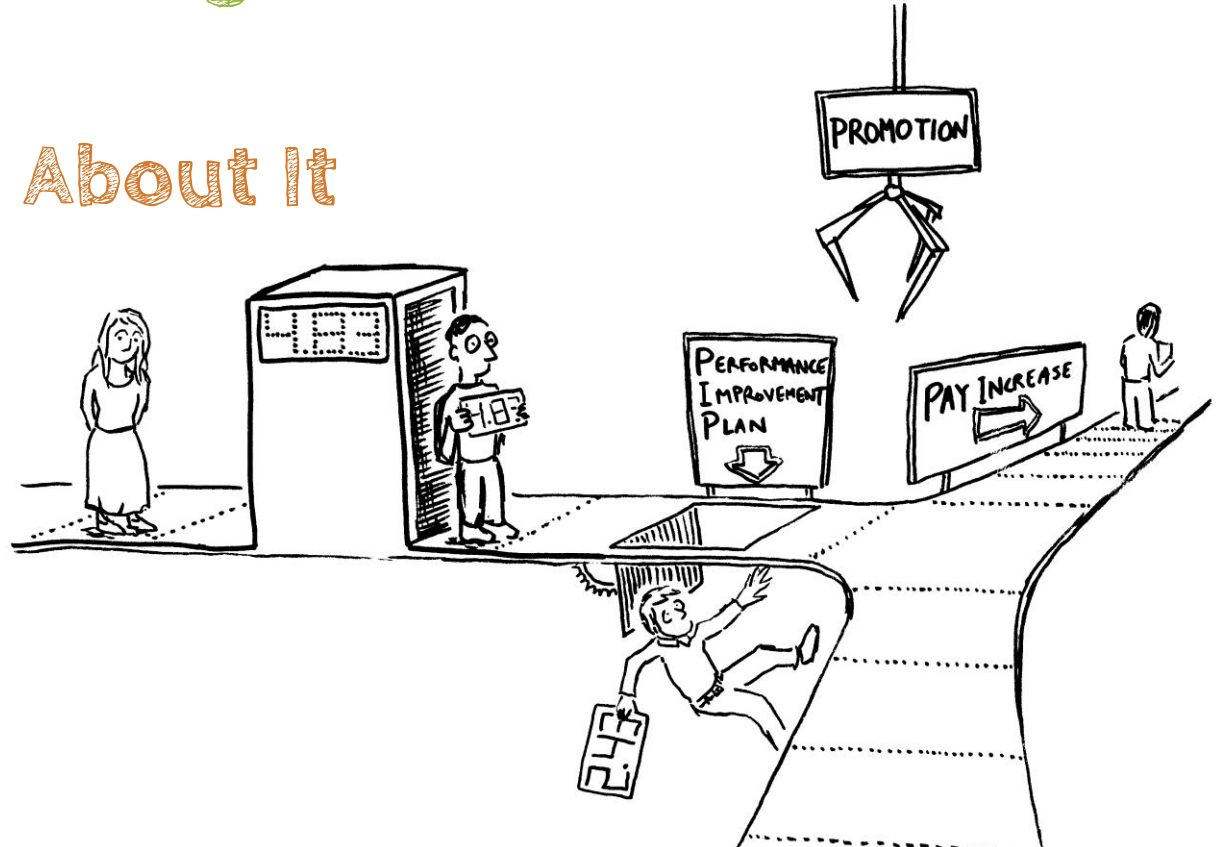


How Performance Management is Killing Performance- and What to Do About It



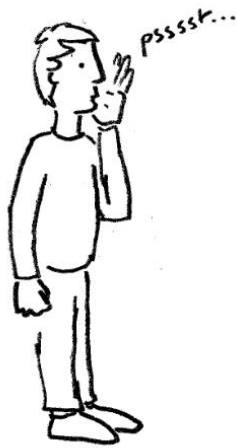
PeopleFirm



thePMReboot™

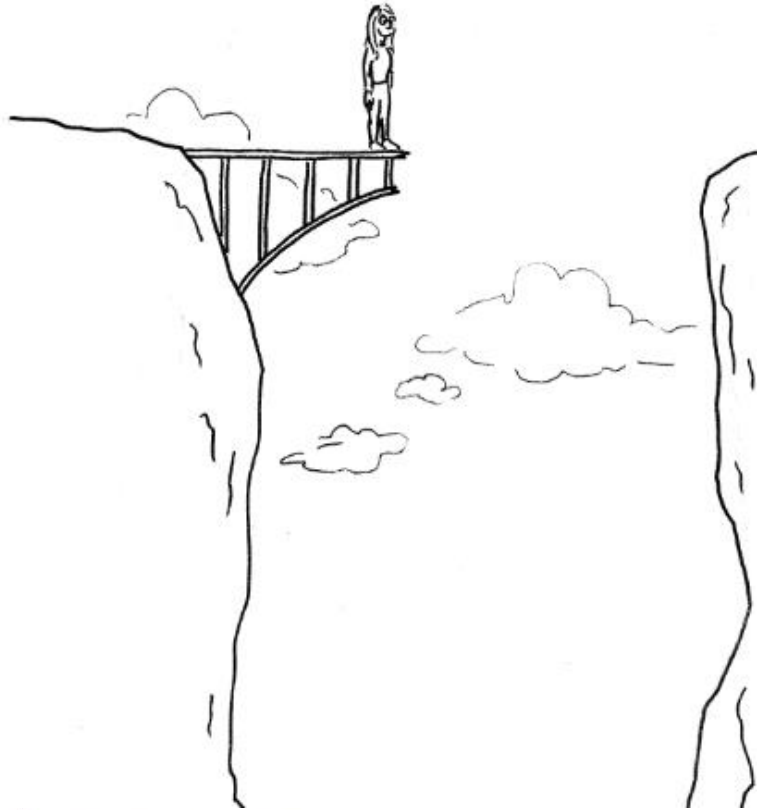
All rights reserved PeopleFirm LLC 2016





————— *in a few years* —————>





can't get the
executives there

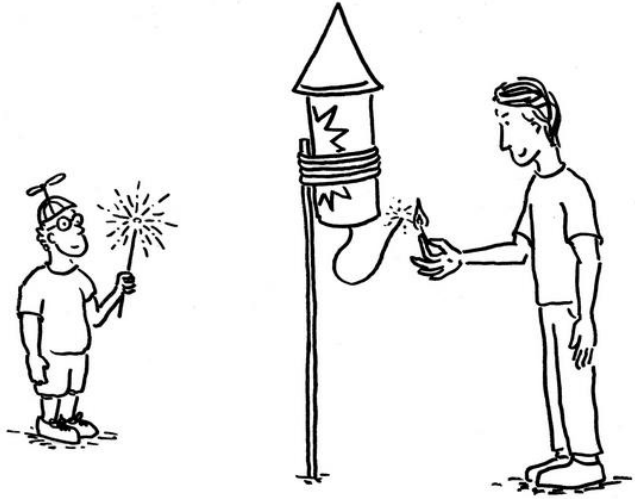
manager's get a "no
confidence" vote

not sure how to
address
compensation



What role will
you play?





my goal...
help ready you to be a
PM super hero



1

What we know
about
traditional
Performance
Management

Rethink.
Shift your
thinking about
driving
performance.

2

3

Redesign.
Design your
custom
solution.

Reboot.
Gain support &
get started.

4



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**The fundamentals
emerged in the post-
war era of the 1950's**



“The workplace is one of the most feedback-deprived places in modern life”

Daniel Pink

The Facts

Performance Appraisals

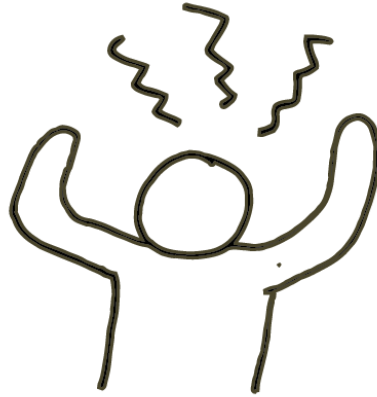
97.2% of U.S. companies
91% of companies worldwide ⁽¹⁾

Feedback Frequency

92% annual appraisal
35% semiannual appraisal
9% quarterly appraisal ⁽²⁾



A common
approach...



and a
universally
hated
process



stand-up if
you **love** your
Performance
Management
program



three common goals

①	Develop People	<ul style="list-style-type: none">• Individual development• Coaching & mentoring• Retention of top performers• Leadership Development
②	Reward Equitably	<ul style="list-style-type: none">• Pay for contribution• Promotion & advancement• Total rewards
③	Drive Organizational Performance	<ul style="list-style-type: none">• Goal alignment• Strategic communications• Culture development



more than **60%** of employees
say performance review
systems rarely or never **lead to
improved performance**

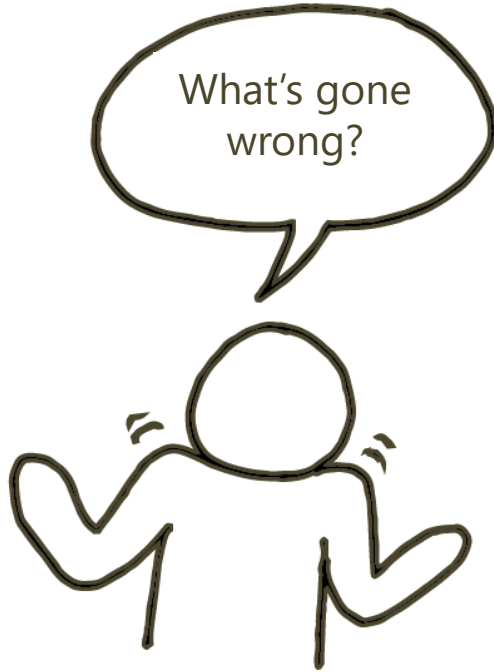
4 out of 5 U.S. workers
are **dissatisfied** with
their job performance
reviews.

only **13%** of **managers** and
employees and **6%** of **CEOs** thought
their year-end reviews were
effective

46% said that annual
performance reviews are **not an
accurate appraisal** of an
employee's work

fewer than **1 in 4** HR executives
believe that their current PM system
reflects **true employee performance.**

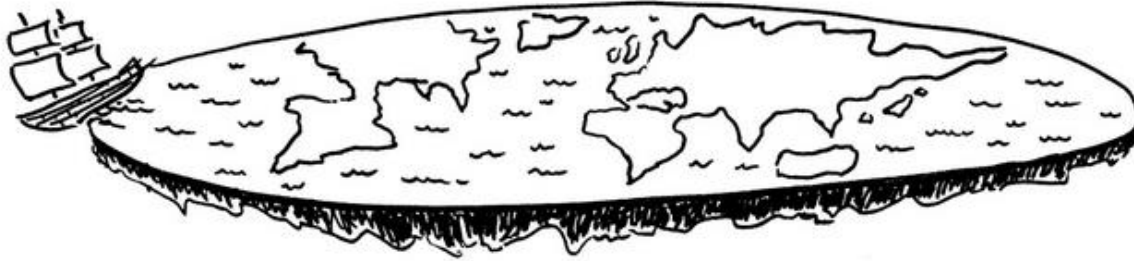




The Eight **Fatal** Flaws



Fatal Flaw # 1



**A theory without evidence is just
a (bad) theory.**

*There is no evidence that traditional performance
management leads to improved performance.*



Fatal Flaw # 2



Nobody really opens up with the person who pokes them in the eye.

Traditional performance management impedes the reception of feedback and limits honest dialogue.



Fatal Flaw # 3

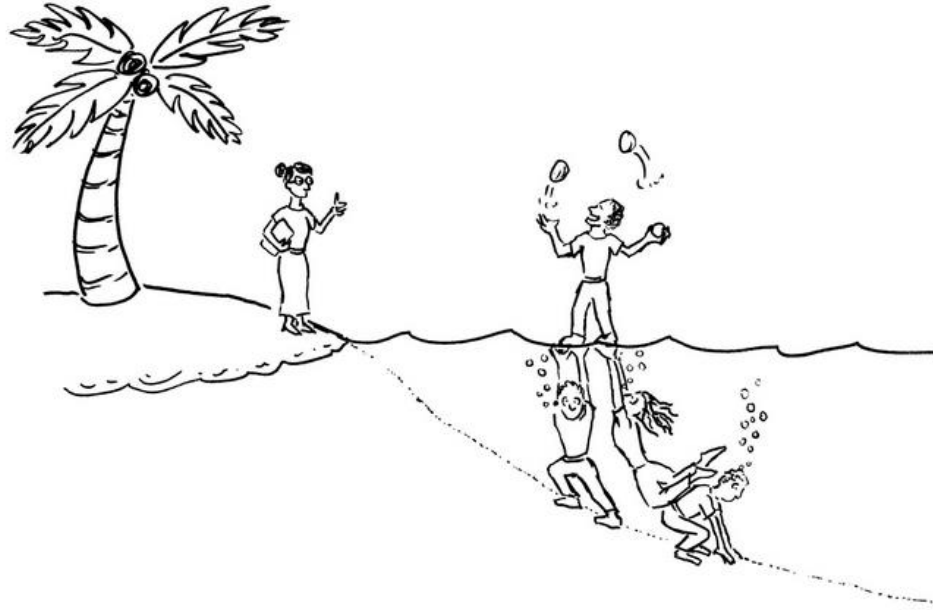


Nobody remembers the good work.

Performance reviews generally emphasize the negative, rather than focusing on strengths.



Fatal Flaw # 4

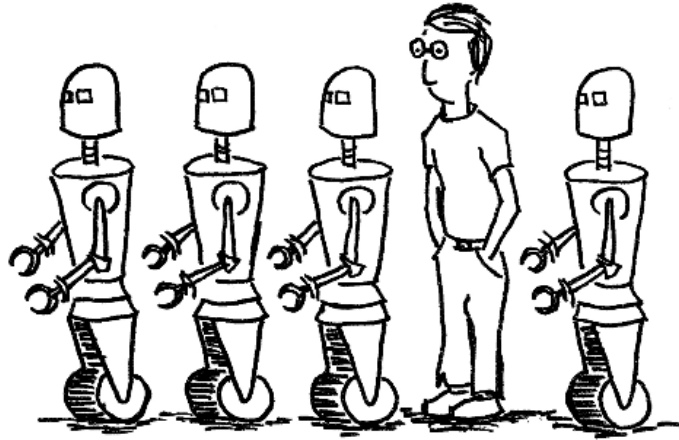


No man (or woman) is an island.

The focus is on the individual, even though system or organizational challenges often have a significant influence on individual performance.



Fatal Flaw # 5

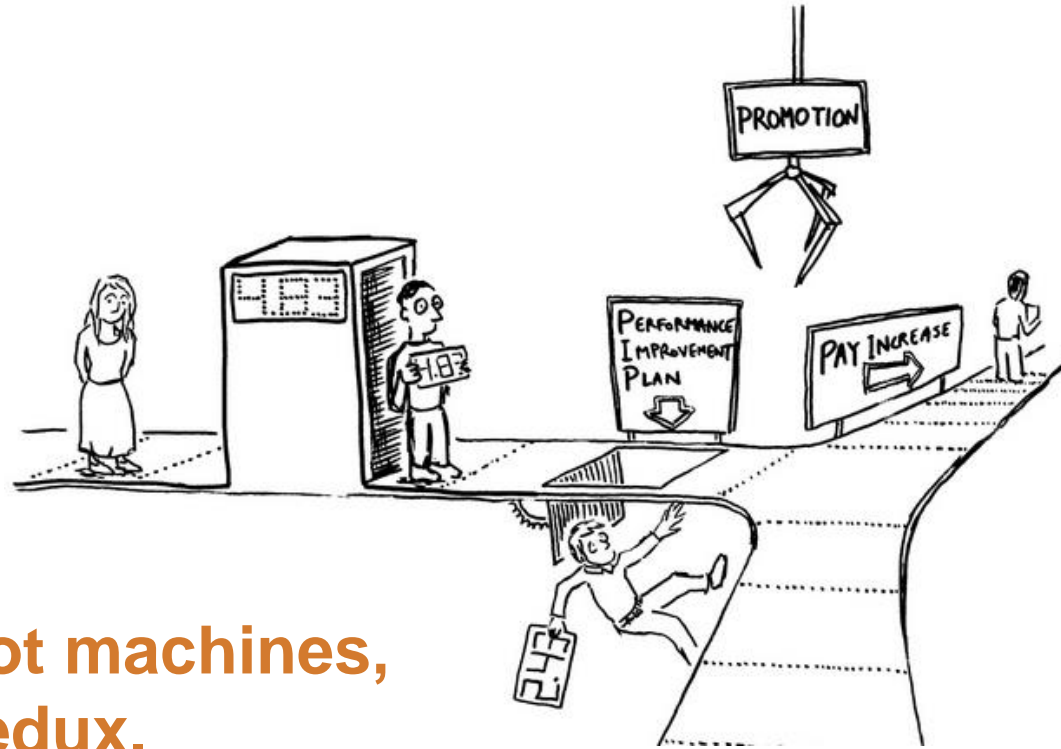


We are not machines.

Fairness and standardization in ratings and the judgment of performance simply cannot be achieved.



Fatal Flaw # 6



**We are not machines,
redux.**

Review output is unreliable for making talent decisions.



Fatal Flaw # 7



**Let me introduce you to your competition –
now play nice!**

*Comparing people to one another erodes efforts to create
a collaborative culture.*



Fatal Flaw # 8

We are not Pavlov's dog.

Pay-for-performance does not deliver improved performance.



From his book **Out of Crisis:**

Deadly Disease #3 - Evaluation of Performance, Merit Rating, or Annual Review



“The performance appraisal nourishes short-term performance, annihilates long-term planning, builds fear, demolishes teamwork, nourishes rivalry and politics... it leaves people bitter, crushed, bruised, battered, desolate, despondent, dejected, feeling inferior, some even depressed, unfit for work for weeks after receipt of rating, unable to comprehend why they are inferior. It is unfair, as it ascribes to the people in a group differences that may be caused totally by the system that they work in.”

– Dr. Edwards Deming



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Reboot.
Gain support &
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4

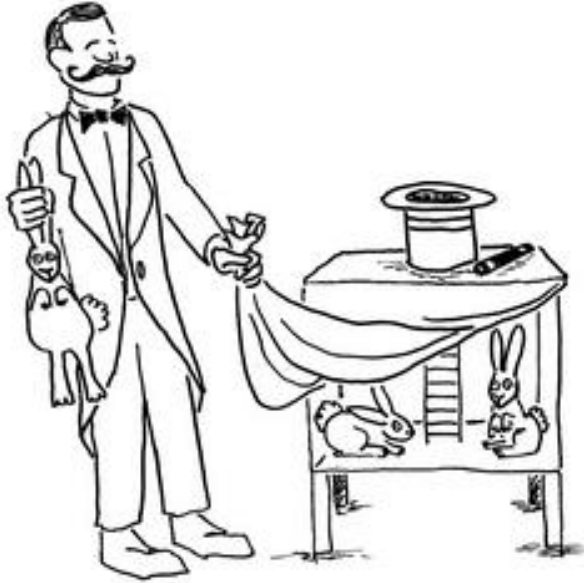




The Eight Fundamental Shifts



Fundamental Shift #1



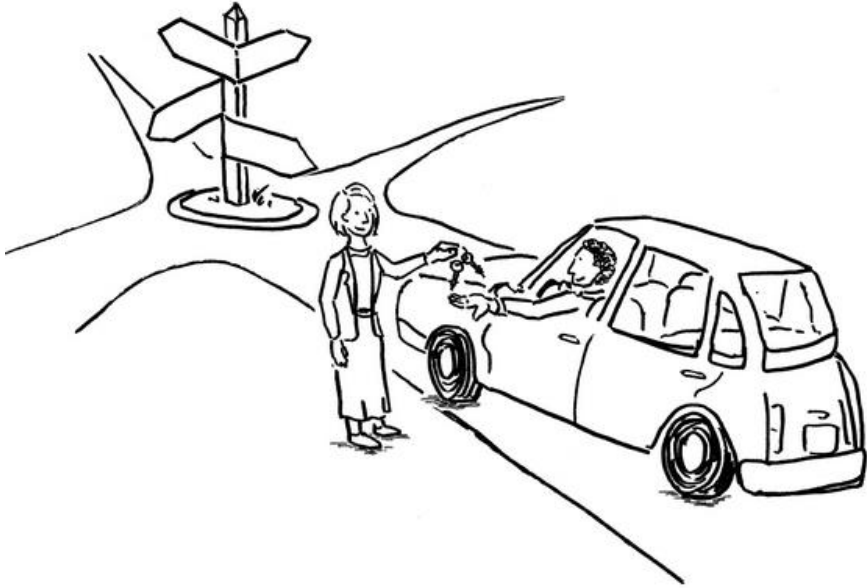
Open the door.

Shift **from:** *Need to know*

Shift **to:** *Transparency*



Fundamental Shift #2

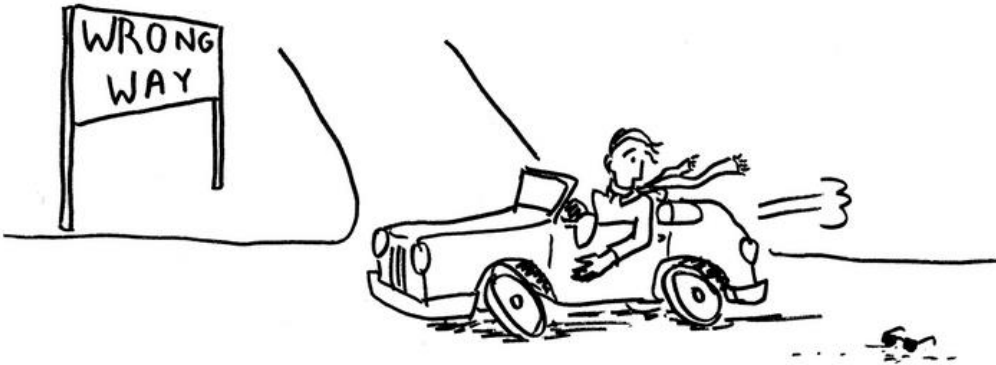


**Give the steering wheel to
your employees.**

Shift **from:** *Management-driven*
Shift **to:** *Employee-Powered*



Fundamental Shift #3



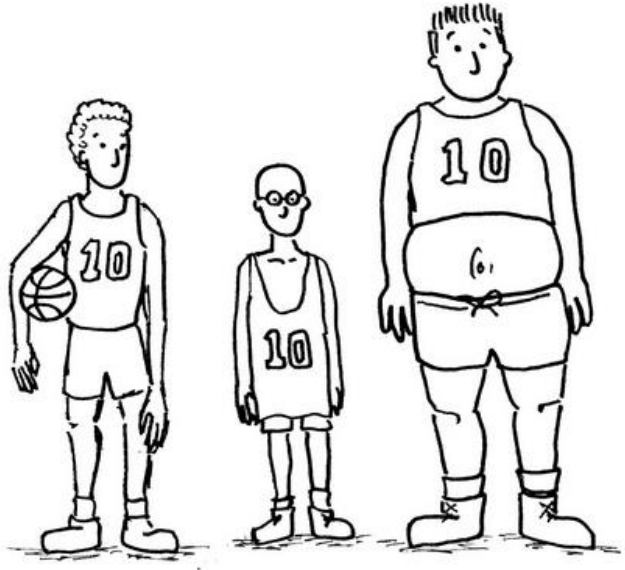
Change your focus.

Shift **from:** *Past performance*

Shift **to:** *Future capability*



Fundamental Shift #4



Abandon uniformity.

Shift **from:** *One size fits all*

Shift **to:** *Customized and nuanced*



Fundamental Shift #5



Welcome more voices.

Shift **from:** *A chosen few*

Shift **to:** *Diverse input and rich dialogue*



Fundamental Shift #6



**Stop policing.
Start empowering.**

Shift **from:** *Control and oversight*
Shift **to:** *Managing by exception*



Fundamental Shift #7

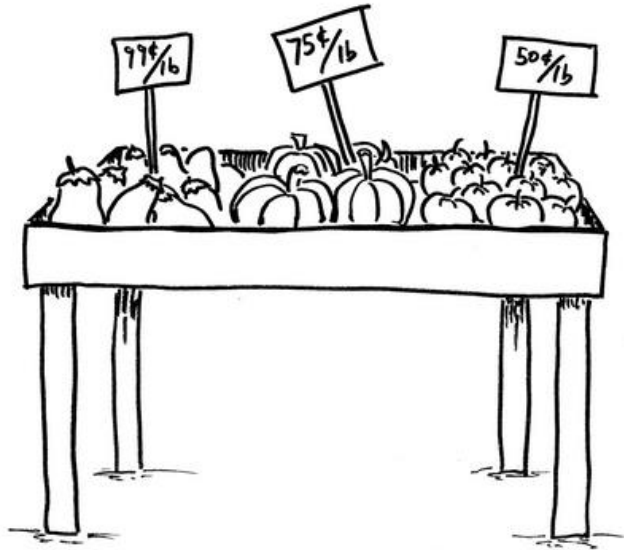


Incent collaboration.

Shift **from:** *Individual metrics*
Shift **to:** *Shared commitments*



Fundamental Shift #8



Get real with rewards.

Shift **from:** *Paying for performance*

Shift **to:** *Paying for capabilities and
rewarding for contributions*



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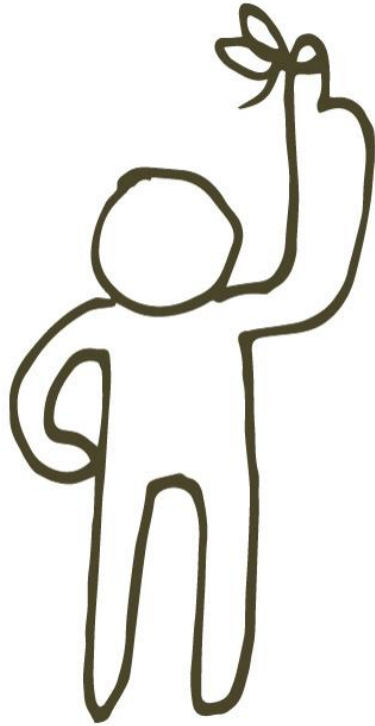
3

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Reboot.
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get started.

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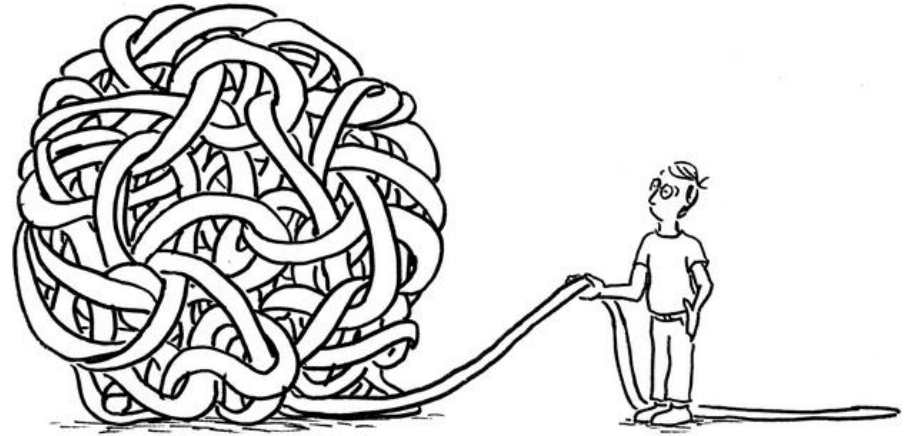


*stay true to
a few core
ideas*





*avoid the
knotted
solution*

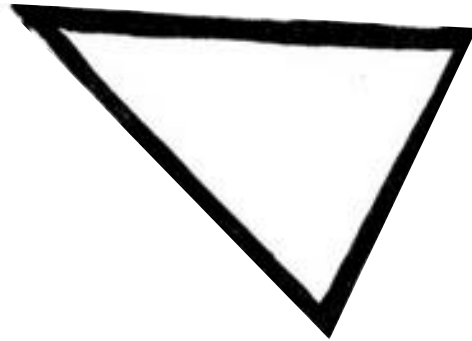




**Drive
Organizational
Performance**

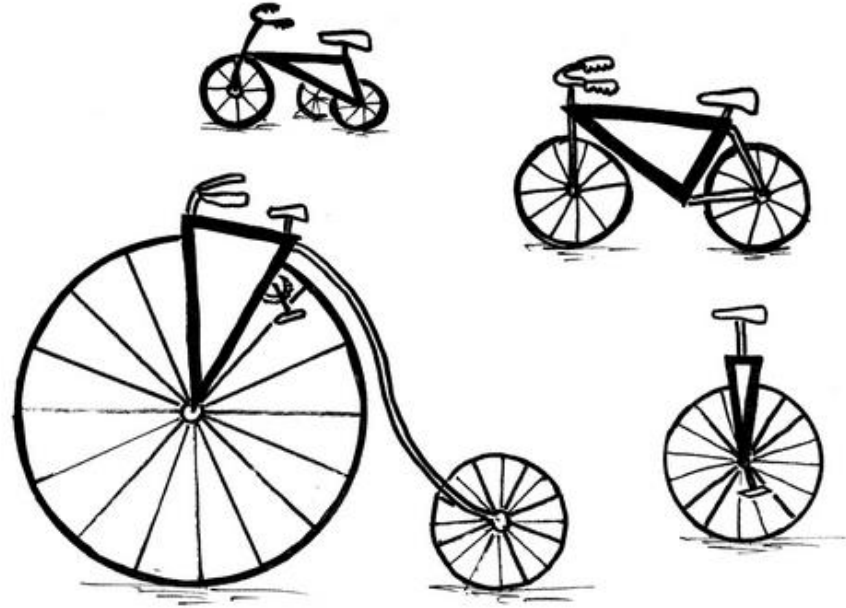
Develop People

**Reward
Equitably**





*select the
right frame
build your
custom bike*





So how do you get started?

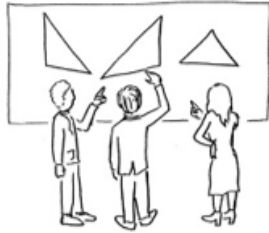


plan the journey



Mobilize

Plan, invite participants, and get started



Sketch

Align on your principles of design



Configure

Configure, test, and validate your solution



Build

Build your solution, manage dependencies



Implement

Plan the change, implement, and evaluate





Mobilize

*Plan, invite
participants, and
get started*

lead the leaders



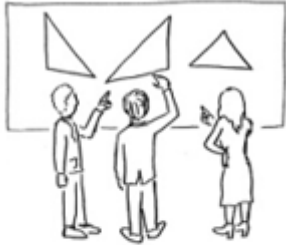


Mobilize

*Plan, invite
participants, and
get started*

invite the right
people to the
conversation

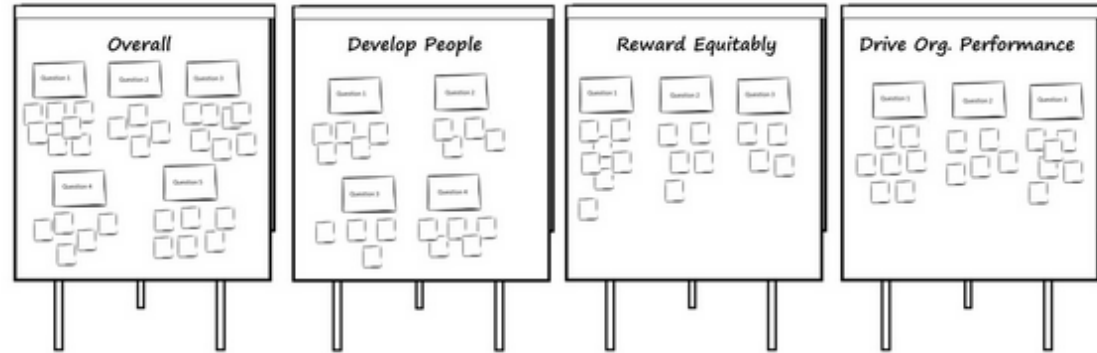




Sketch

Align on your
principles of design

align on your design principles





Sketch

Align on your principles of design

Create your first sketch today...

PeopleFirm
thePMSketchbook™

Invite Others
My Details
Sign Out

Step 1:
Assess your current Performance Management process

Choose the number that best describes how your organization currently aligns with each best practice.

- 0 = not happening here at all
- 1 = some people do it sometimes
- 2 = rock solid – it's how we operate

Drive Organizational Performance

Our Performance Management process connects individual and team goals to organizational strategies, objectives, and priorities. 0 1 2

Our process is flexible and allows us to adjust and respond to changing business conditions and needs. 0 1 2

An outcome of the process is valuable insight into our current talent mix and skill gaps, so we can make better planning decisions. 0 1 2

Our process, tools and training, align to our 0 1 2

Step 2:
Determine your future principles.

Choose the 6 Design Principles that would represent your future vision of Performance Management for your organization.

- Enhance employee connectedness to the strategy and goals
Align organizational goals to individual focus and commitment - adapt as the business changes
- Engage users of the process
Focus on intent, not the process or forms - stop activities with questionable impact
- Empower employees to own their careers and development
Employee-owned development plans - empower employees with tools and knowledge
- Make development an organizational priority
Make employee development an on-going conversation - create a culture of talent builders
- Provide visibility to global talent inventory and capabilities
Collect employee data in support of talent pool insights - increase awareness and visibility
- Prepare the next generation of leaders

Step 3:
PM Frame

Generate Your Frame

Email :

Company : Group ID :

The blue lines will represent your current state, and the orange lines will be your future state as determined by your chosen future principles.

```

graph TD
    A[Drive Organizational Performance] --- B[Reward Equitably]
    A --- C[Develop People]
  
```

www.peoplefirm.com/sketchbook

thePMReboot™





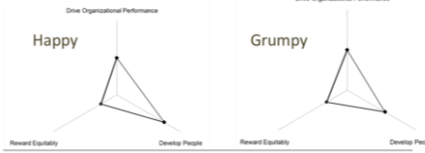
Sketch

Align on your principles of design

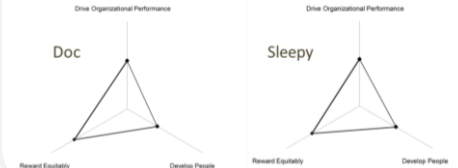
crowdsource your design priorities

Future State Principle	Total
1 Create an environment of trust and transparency <i>Manage a transparent process where feedback and outcomes are trusted -</i>	22
2 Make development an organizational priority <i>Make employee development an on-going conversation - create a culture of talent builders</i>	22
3 Empower employees to own their careers and development <i>Employee-owned development plans - empower employees with tools and knowledge</i>	21
4 Recognize and reward differentiated performance <i>Separate pay for capability from rewarding contribution - link rewards with delivered results</i>	20
5 Prepare the next generation of leaders <i>Support succession planning and leader development - Facilitate talent mobility / resource sharing</i>	18
6 Provide employees clarity on expectations & opportunities <i>Enhance understanding of organizational roles and responsibilities</i>	17
7 Drive frequent and authentic feedback <i>Create a culture of active feedback and authentic conversations</i>	15
8 Enhance employee connectedness to the strategy and goals <i>...</i>	15

Leaning towards "Develop People"



Leaning towards "Reward Equitably"



Leaning towards "Drive Organizational Performance"

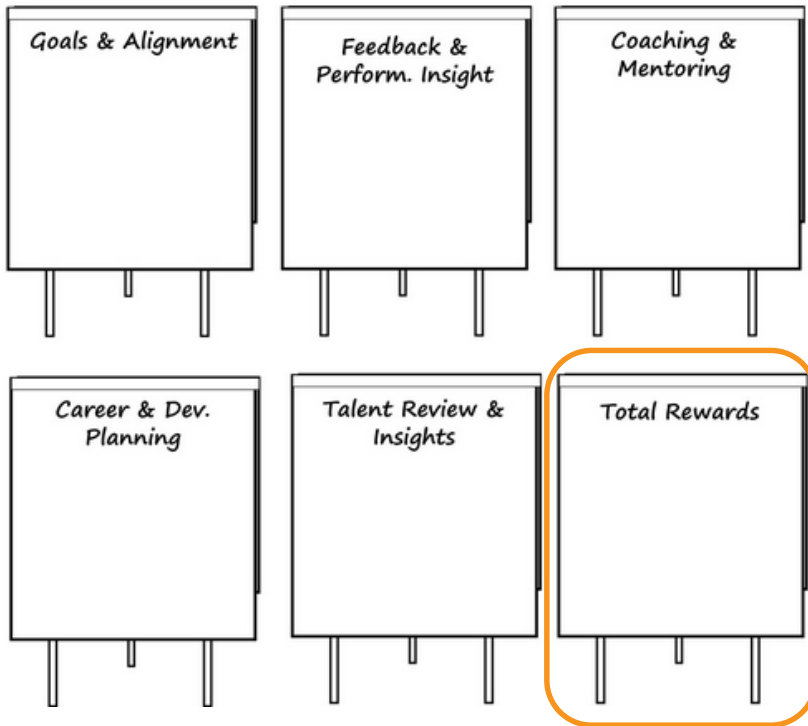




Configure

Configure, test, and
validate your solution

address
all six
categories



example #1: [peace.org](https://www.peace.org)

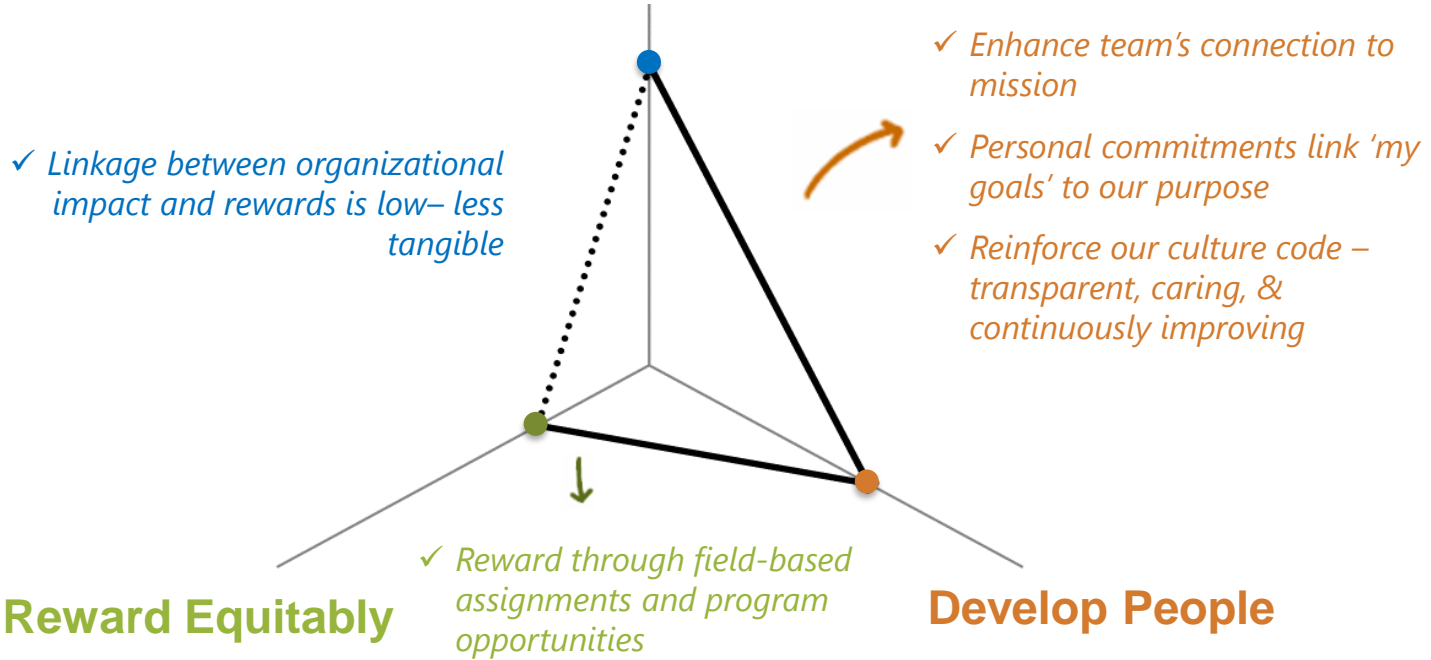


Design Principles

1. Increase every employee's connection to our mission
2. Engage the full team in setting operational goals
3. Reinforce our culture code
4. Creates mastery in all areas of our organization
5. Simple - effective without getting in the way



Drive Organizational Performance



commitment postcard

My commitment
for 2016

Post Card



- *My connection to our mission...*
- *What I will bring this next year...*
- *Where I want to go...*
- *What I need...*

To: Peace.org

From: Katie



example #2: tech.com



Drive Organizational Performance

- ✓ Quarterly bonuses paid when deliverables and milestones are met by paired-team
- ✓ Annual market test required to be bonus eligible

- ✓ New and less experienced resources paired with top developers to co-develop, learn by doing, and enhance innovation & collaboration

Reward Equitably

- ✓ Simple 4 level compensation model for developers based on engineering capability model

Develop People



simple
goal
sheet

Quarterly Targets

Paired Team:

weighting

25%	1	<input type="text"/>	+
50%	2	<input type="text"/>	✓
15%	3	<input type="text"/>	-
10%	4	<input type="text"/>	✓

Comments

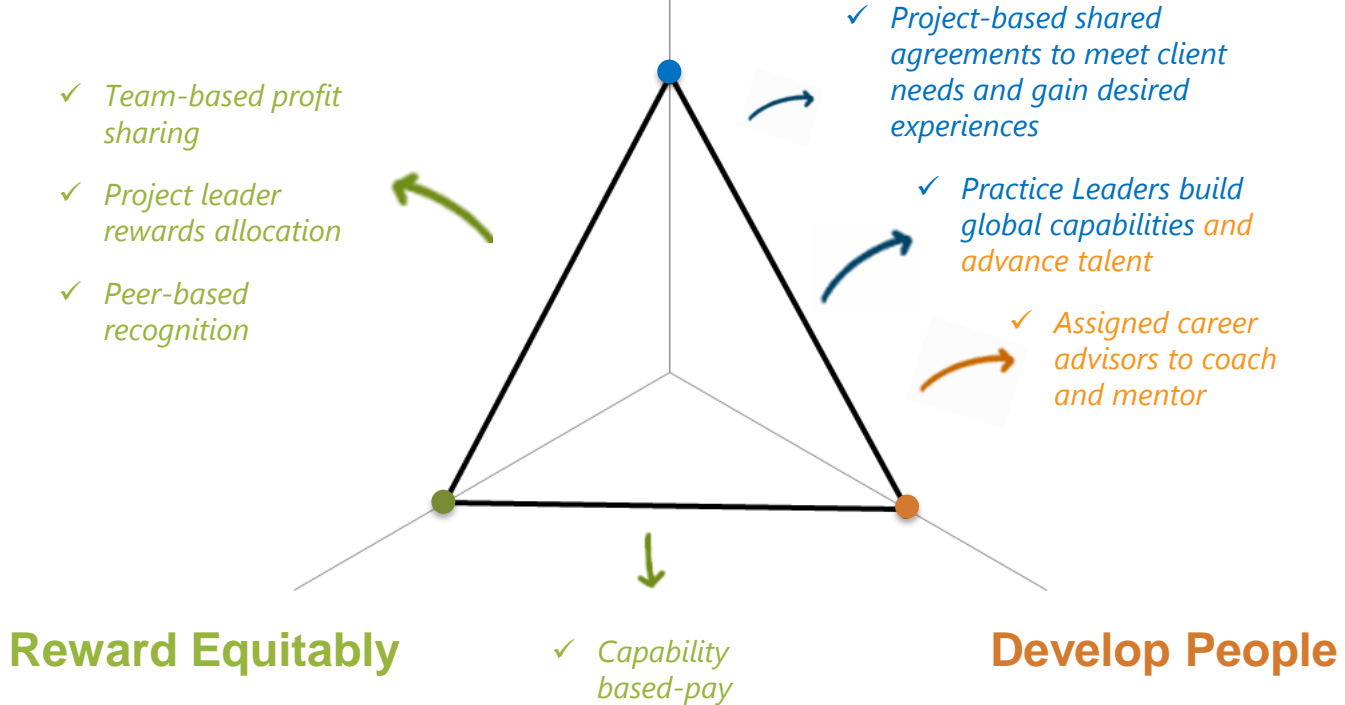
(Team or Product Lead)



example #3: **services.com**



Drive Organizational Performance



shared agreement for each project

Shared Agreement for **Project Phoenix**

February 14, 2016

Project lead: Alan
Project resource: Leah

Project lead to complete:

Project role expectations...

Key deliverables...

Project milestones / timing...

Success means together we...

Project employee to complete:

Project experiences sought...

Capabilities to grow...

Success means together we...



1

What we know
about traditional
Performance
Management

Rethink.

Shift your
thinking about
driving
performance.

2

3

Redesign.
Design your
custom
solution.

Reboot.
Gain support &
get started.

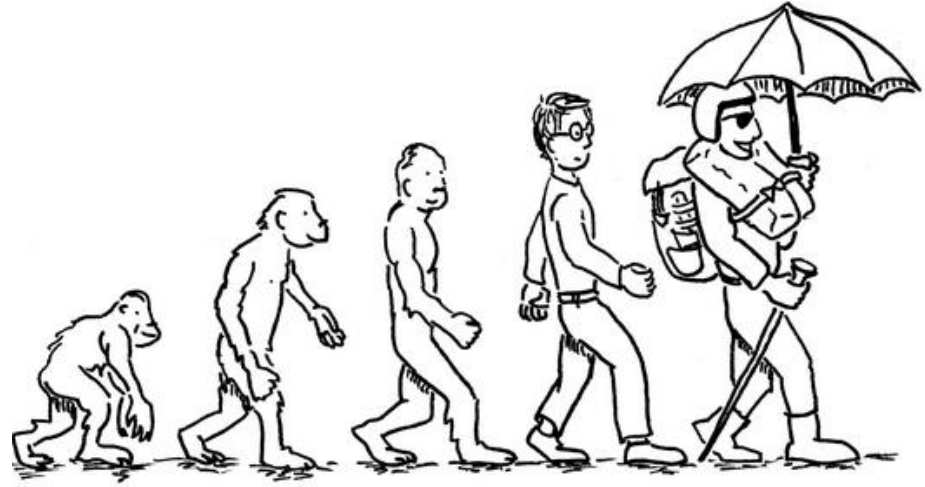
4



build your
courage



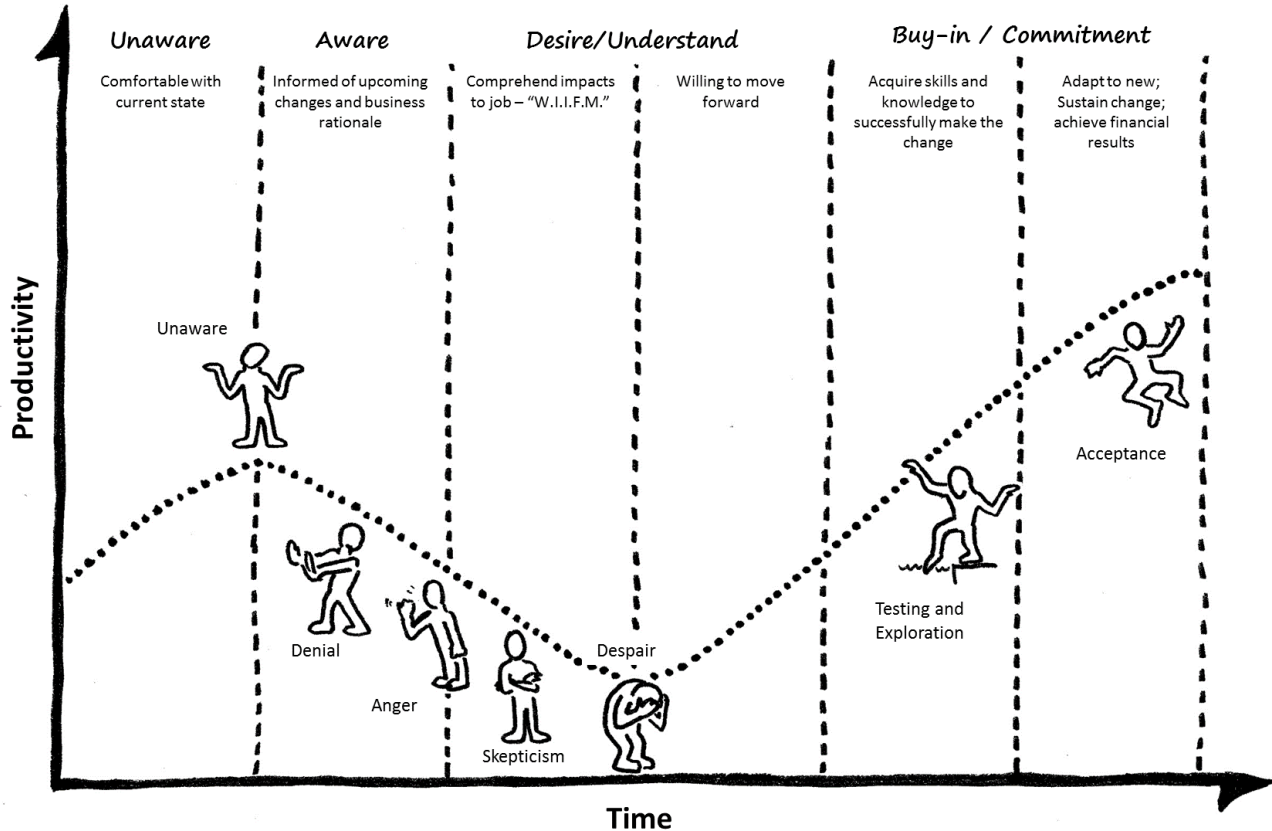
know your
starting place



expect
resistance



create a strong change plan



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What role will
you play?



Join our mailing list to sign-up for further insights and updates.

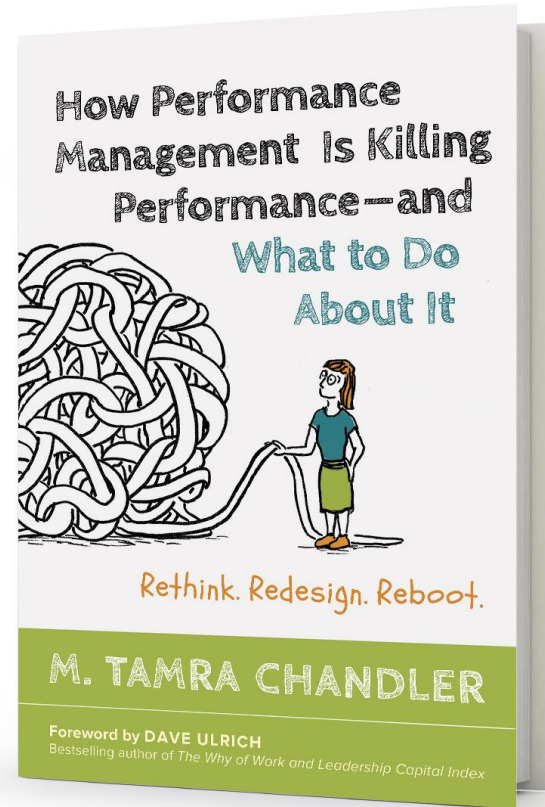
www.peoplefirm.com

Templates and content available at...

www.thePMReboot.com

Free webinar...

Dec 7th - 11 am pacific





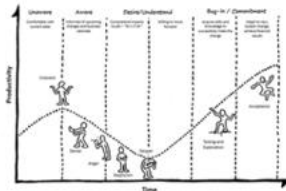
Plan the Change



1 Build your courage



2 Expect resistance



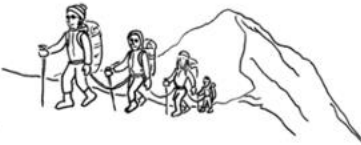
3 Mind the curve



4 Plan the change



5 Make the case



6 Lead the leaders



7 Build your change champions



8 Defend against the naysayers



1

What we know about traditional Performance Management



- 1 **A theory without evidence is just a (bad) theory.**
There is no solid evidence that the process motivates people or leads to improved performance.



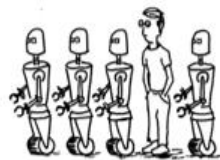
- 2 **Nobody really "opens up" to the person who pokes them in the eye.**
Traditional performance management impedes the reception of feedback and limits honest dialogue.



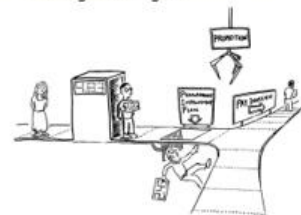
- 3 **Nobody remembers the good work.**
Performance reviews generally emphasize the negative, rather than focusing on strengths.



- 4 **No man (or woman) is an island.**
The focus is on the individual, rather than the system or org. – even though system or org. challenges often have a significant influence on individual performance.



- 5 **We are not machines.**
Fairness and standardization in ratings and the judgment of performance simply cannot be achieved, especially across positions.



- 6 **We are not machines, redux.**
Review output is unreliable for making talent decisions.



- 7 **Let me introduce you to the competition – now play nice together!**
Comparing people to one another erodes attempts to create a collaborative culture.



- 8 **We are not Pavlov's dog.**
Pay-for-performance does not deliver improved performance.



Rethink.
Shift your
thinking about
driving
performance.

2



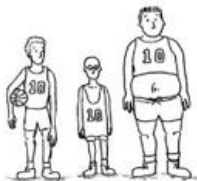
1 **Open the Door.**
Shift from: Need to know
Shift to: Transparency



2 **Give the steering wheel to your employees.**
Shift from: Management-driven
Shift to: Employee-powered



3 **Change your focus.**
Shift from: Focus on past performance
Shift to: Focus on future capability



4 **Abandon Uniformity.**
Shift from: One size fits all
Shift to: Customized and nuanced



5 **Welcome more voices to the conversation.**
Shift from: A chosen few
Shift to: Diverse input and rich dialogue



6 **Stop policing, start empowering.**
Shift from: Control and oversight
Shift to: Managing by exception



7 **Incent collaboration.**
Shift from: Individual metrics
Shift to: Shared commitments



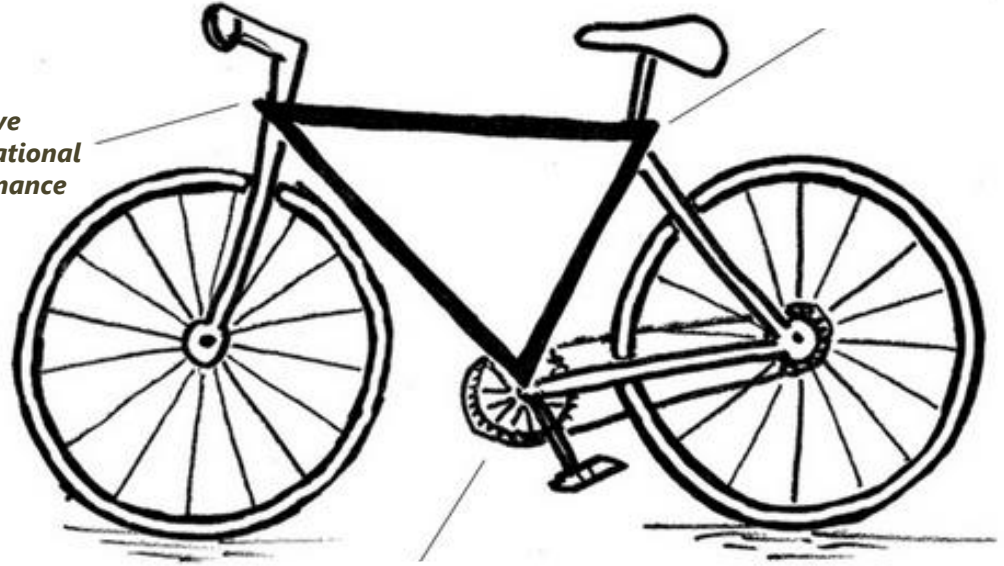
8 **Get real with rewards.**
Shift from: Paying for performance
Shift to: Paying for capabilities and rewarding for contributions



3

Redesign.
Design your
custom
solution.

*Drive
Organizational
Performance*



*Develop
People*

*Reward
Equitably*



Reboot.
Gain support &
get started.

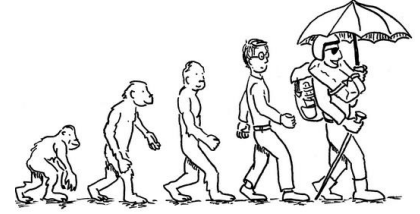
4



1 **Build your courage**



2 **Invite the right people**



3 **Know your starting place**

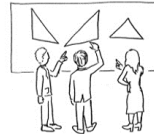
4

Plan your journey



Mobilize

Plan, invite participants, and get started



Sketch

Align on your principles of design



Configure

Configure, test, and validate your solution



Build

Build your solution, manage dependencies



Implement

Plan the change, implement, and evaluate





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