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## **Performance Management Summary of Our Process**

### **Summary**

Our integrated approach to performance management will sharpen your peoples' focus on the mission that matters, and create a stronger linkage between individual performance and company results. Our expert consultants are broadly experienced as Fortune 500 executives and business owners. We will work with you to develop and implement pay for performance systems that will motivate and retain your best people, while improving company results.

### **Targeted Results**

- Improve current performance of your organization
- Evaluate your current approach in light of changing requirements
- Modify your existing program to meet new demands
- Implement performance management for the first time



### **Methodology**

#### **Step 1 - Create a Burning Platform**

- To make a step change in the overall performance of the company, you must start by getting the attention of your workforce by creating a "burning platform."
- Develop a conscious and strategic plan to share necessary information with the workforce.
- Creating the burning platform begins with outlining the desired state of the business. This is often done through vision, mission and values statements.

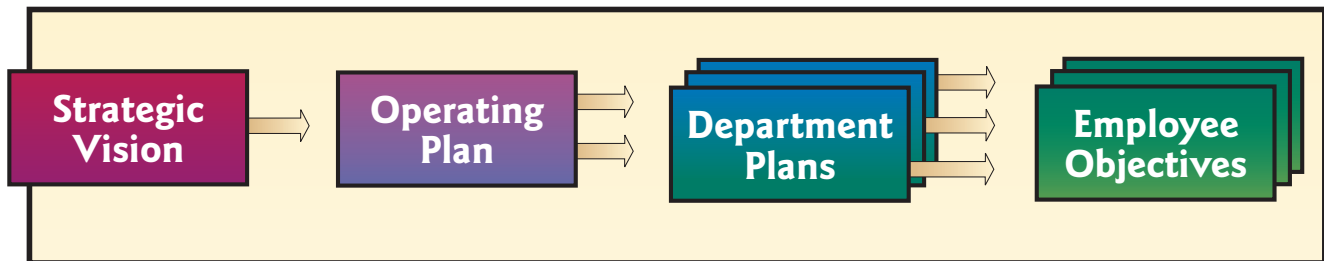


The vision, mission and values statements are simply formalized expressions of the strategic vision for the business.

- Whether you choose to go through a formal process of establishing vision, mission and values statements or not, the key is that there is a shared understanding of the strategic vision of the organization by all employees. Our consultants will audit your current process to ensure that your strategic vision is well articulated and understood. If it is not, we will make recommendations for improvement, and help to implement the change.

## Step 2 - Set and Link Real Objectives

- This is an often overlooked part of the process, because it takes time and commitment on the part of every manager in the organization. The key is to translate the strategic vision of the organization into operating objectives that can be cascaded throughout the organization:



- Senior management is responsible for the first two steps in the process and ensuring that they are properly communicated and understood.
- It may be necessary to facilitate discussions with the senior team to ensure that they have a shared understanding of, and alignment around the strategic vision. If this doesn't exist, your ability to achieve your plan objectives will be greatly compromised. Our consultants are experts in team assessment and coaching, and can help you achieve alignment within your team.
- All managers need to participate in the translation of the operating plan into department plans and individual employee objectives. This is difficult for many managers as they don't know how to connect the skills/abilities of their employees with the deliverables of their departments. We put processes in place that help managers make this connection.
- Do not fall prey to the classic mistakes most organizations make when setting employee objectives- soft objectives (not measurable or time bound), too many objectives (creates focus issues), immutable objectives (don't reflect changing circumstances), island objectives (not linked). To combat these tendencies, we put processes and tools in place to ensure the rigor of the objective setting and review process.

### **Step 3 - Align Objectives to Performance Assessment**

- As basic as it may sound, employees need those objectives that are directly related to the achievement of the operating objectives to be the measure of their performance. Too often, other criterion, not related to operating objectives, find their way into the evaluation process. It is management's job to not let this happen.
- Managers need to own the development of employee objectives and the evaluation of their performance.
- Employees should participate in both the objective setting and the performance assessment process, otherwise disengagement can occur.

### **Step 4 - Pay for Performance**

- Companies that differentiate pay by performance do better in the marketplace than those that do not. The Watson Wyatt Human Capital Index Report substantiates this claim with hard data. According to this study of 147 organizations across all major North American industries, those companies that pay their top performers significantly more than lower performers earned a significantly higher three year total return to shareholders than those organizations which make smaller distinctions.
- Many pay systems, however, do not provide for real performance distinctions to be made. Soft ball rating systems consistently exhibit a central tendency in performance ratings because many managers are uncomfortable making distinctions among employees. Companies lose when this happens.
- Careful planning, communication, and management commitment is required to make any pay for performance system work. Our consultants will work with your company to identify strengths, weaknesses and opportunities to improve your current system.