PERFORMANCE MANAGEMENT GOING AGILE

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OVERVIEW

In the increasing shift to a mobile and global workforce the need for performance management and more broadly talent management to be agile is essential. Technology has changed the way our people engage, work and communicate and the need for frequent and less formal points of progress reviews is in demand. Traditional performance management is on the edge of change and must change.

- Deloitte’s journey
- Performance Culture
- Appraisals to Performance Management
- Performance Framework
- Paper to Technology
- Evolving Performance Management
- Lessons Learned
- Tips

THE DELOITTE JOURNEY
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In 2007 Deloitte embarked on a journey.

Our aim was to bring about a sustained improvement in Deloitte’s performance culture through:

• Defining the concept of a performance culture at Deloitte
• Aligning the performance management system and processes with this definition
• Aligning the various key performance measures with organisational objectives
• Educating Partners, Management and Staff in Performance Coaching, Measuring and Assessing Performance and Career Management.
• Creating a ‘brand’ to support the messages.

COMPELLING CASE FOR CHANGE

The Case

• Annual Engagement survey results show that performance management consistently scores poorly and has a negative impact on employee engagement
• No consistent process, framework, tool or documentation for performance management used across the firm
• No consistency in application of reviews and varying processes
• The various roles involved in the performance management process required a high degree of transactional and administrative support
• Lack of clarity and unified approach to setting performance expectations and driving a performance culture

Desired Benefits

• A streamlined and user friendly performance management framework
• Transparency of all performance management activity
• Foundation for further development of a high performance culture
• An enterprise technology platform to facilitate the execution of the performance management process via self service capability
• Preserve historical performance management records effectively
• Meaningful reporting to support key decision making.
SO WHAT IS A PERFORMANCE CULTURE?

One definition from the Leadership Council:
• aligns corporate objectives with employee objectives, behaviours and skills
• clearly articulates expectations, accountability, consequences
• has the support of leaders and managers
• holds people accountable for organisational results
• differentiates performance
• monitors and provides quality feedback on individual performance
• incorporates appropriate reward strategies
• focuses on employee development and training.

Performance Culture is not . . .
• A performance management tool or process
• A remuneration strategy or bonus scheme
• “Owned” by HR (must be driven by the business).
DEFINING PERFORMANCE CULTURE

• For Deloitte, a performance culture is about delivering on our promises and striving for results to create business and individual success” (Deloitte definition).
• This definition was established in consultation with a number of senior partners within Deloitte and referencing best-practice theories and definitions on performance culture.
• An overarching definition of a Performance Culture has been developed so that we all have a consistent understanding of what we mean by this.
• It leverages the language that our CEO uses around keeping promises. It has captured the notion that the delivery of a performance culture is a two way street.
• Our employees make promises to the firm (‘‘Your Promise’’) and our leaders and the firm make promises (‘‘Our Promises’’) to enable our employees to excel and deliver on their promises.

YOUR PROMISE – OUR PROMISE

A project team was established in 2007 to develop a framework for a sustained improvement in Deloitte’s performance culture.
APPRAISAL TO PERFORMANCE MANAGEMENT

MATUREY OF PERFORMANCE MANAGEMENT

Shifting from appraising to performance outcomes

Appraisal (Industrial Age)
- Once a year review
- Looks back over past year
- “How did you go?”
- Subjective outcomes
- No Alignment with Strategy as its past tense

Performance Management (Information Age)
- Direct link to Business Strategy
- Lead based objectives
- Financial & Non Financial
- Quantified outcomes (KPI’s, Competencies, Values)
- Consequence – Performance based remuneration & other incentives
- Consequences

WE WERE HERE IN 2007
Appraisals
Administration & form filling

WE ARE HERE
Performance Management
Focus on setting goals and achieving with highly focused individual ownership

WE WANT TO BE HERE
Performance Culture
Self directed with frequent feedback & coaching aligned goal management to strategy
DELOITTE PERFORMANCE FRAMEWORK

THREE COMPONENTS OF PERFORMANCE OUTCOME

**Business Objectives** – this is what you have committed to deliver
- Business Objectives are tangible and measurable business outcomes that contribute to the firm's success.

**Competencies** – these are the skills and knowledge that enable you to perform your job and achieve your business objectives

**Signals** – these are our ‘values’
- They are the behaviours you display during the course of achieving your business objectives and developing your competence
- They articulate how you work and play and contribute to our firm’s culture
- They are embedded in what you do every day
## FRAMEWORK COMPONENTS

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PAPER TO TECHNOLOGY
HOME PAGE
RESULTS

• Successfully delivered a new performance management framework and process – now branded as Performance@Deloitte
• Project was delivered within expected timeframes and below budget
• SuccessFactors is a significant investment in providing a firm-wide framework, process and system and it demonstrates the firm’s commitment to foster a performance culture
• The Pilot was successfully completed with a firm-wide interim review process in Dec 2008 (approx 4400 users – 97% completion rate)
• Completed annual Performance Review in June 2009 with 98% completion rate
• The SuccessFactors technology system has proven to be reliable, stable and relevant
• Performance management metrics have proved to be valuable and easily accessed.
• Reinforced our Performance Culture – ‘do what you say you will do’
EVOLVING PERFORMANCE MANAGEMENT

GO BACK TO THE BASICS

How often do you receive recognition for your work
How often does your manager seek your opinion
How often do you meet with your manager to discuss your work

Source: Hewitt Associate Research
LIMITATIONS OF CURRENT FRAMEWORK

• Historical, short-term perspective versus future oriented, career perspective
• Assessment focussed and subjective versus development focussed and individual
• Process driven (lengthy template, process and timeline) versus outcomes focussed
• Prescriptive versus self-directed (limited opportunity to influence/tailor the approach, metrics, timing)
• Outcomes centre around remuneration versus development and career progression
• Compliance versus coaching mentality
• Bi annual historical review versus continuous feedback loops

APPLYING DESIGN THINKING

• A firm-wide approach to redefine the way professional services are ‘experienced, not delivered’
• Design thinking is a creative, iterative process relying on a ‘human-centred’ discovery process. This is followed by iterative cycles of prototyping, testing and refinement
• Design Thinking is characterised by the ability to combine empathy, creativity and rationality to meet users’ needs and drive business success
• Key elements: Empathy > Insight > Divergent thinking > Convergent thinking > Iterate > Story telling
ELEMENTS OF DESIGN THINKING

Insight
recognize unseen patterns, correlate and see the world with fresh eyes (the heart of innovation)

Iterate
cycle through a robust process to materialize solutions and strategies

Empathy
understand people deeply (without this you have no foundation)

Diverge/Converge
a matrix of small ideas used throughout the process (build creative muscles by fueling and refueling)

5th Element
performance turns ideas into actions (enable others to own opportunities and engage change on their terms)

PEOPLE AT THE CENTRE

Needfinding

Design Thinking puts people at the center of the problem
A design process looks at peoples needs and generates creative alternatives to satisfy them.
Design must identify what people do and make sense of why they do it.
A PHASED APPROACH

**Foundations**

2008

"Lay the foundations"

- Centralise PM process
- Automate the process to reduce the current admin intensive task
- Streamline the process utilising technology and deliver self-service functionality
- Deliver some consistency across the business by defining some common business objectives and using a common tool

✓ Satisfies Compliance regulations
✓ Control of process to enable us to move to future phases
✓ Improved technology to support the process
✓ Gain some consistencies

**Enhance**

2010

"Drive a Performance Culture"

- Build skills of counsellors and counselees in PM process
- Focus on setting SMART Objectives
- Align timescales to business plan
- Link PM to Pay for Performance

✓ Manage against Objectives
✓ Embed the culture of Deloitte
✓ Improve administration process between PM and Remuneration review
✓ Drive Leadership Capabilities

**Lead**

2015

"Manage Talent"

- Link PM to Career Path and Talent Management
- Coaching for results
- Develop career lattice model
- Continuous feedback loops
- Self directed, high commitment to own performance & development
- Positive ‘user experience’

✓ Employee Engagement
✓ Foster a coaching culture
✓ Drive talent retention
✓ Develop and grow talent
✓ Drive Business Results
✓ Develop future leaders

**LESSON LEARNED/TIPS**

- SuccessFactors
- Connect 2012

Deloitte
LESSONS LEARNED/ TIPS

Lessons Learned
- Clarity on the desired culture and behaviours is essential to determining your performance management approach
- 100% Executive Stakeholder commitment to the longer term journey not just technology change or introduction
- Your chosen system should support the desired Performance Management strategy (not be THE strategy)
- Don’t treat the implementation of a new system or process as an ‘event’
- Ensure Leadership are participants in the same performance management framework & system

Tips
- Commit resources both short and long term to the development and ongoing support of performance management
- Work with your vendor to adopt new features & updates, give feedback and be involved in the product development
- Adopt a continuous improvement approach to your performance management space
- Create the process and system around the user experience
- Don’t isolate performance management (hardwire into your overall Talent strategy)