peoplegoal

Modernizing Performance Management in Medium and Large Organisations

A Practical Toolkit

Contents

Introduction

In modern business it is no longer sufficient to just "manage" employee performance. You must strive to improve employee engagement; giving employees the right tools to not only understand their performance, but also to elevate their careers and increase job satisfaction.

In large organisations there are common HR challenges that transcend institution type: from financial services companies, to traditional manufacturing businesses, HR departments struggle with issues like lack of visibility in performance progress—when employees aren't "seeing" the company goals, to senior managers not "seeing" how employees support these goals—to lack of employee engagement, and attracting/retaining talent.

Regardless of an organisation's HR size or budget, continuous feedback is often not part of the culture. With limited comments on company goals to employees, lack of processes that enable succession planning/identifying talents, and poor reviews/appraisals that don't properly capture goals

"So many of the processes and functions in HR are practices that were adopted in a different era. I think we need to re-evaluate some of our core practices and processes."

—Donna Morris, Adobe

Introduction

and feedback, cropping up as common pain points across the landscape. These issues may not come as a surprise to you. In fact, they may be present in your own enterprise right now. If so, know that there is a better way; a solution to transform and upgrade your performance management process. So, where do you start? How do you optimise and improve your performance management process—changing and updating the way you manage employees, even considering replacing your paper-based processes with online/digital management? You start by reviewing and incorporating change into three key areas of your business—technology, process, and culture. Improvements in these areas can increase employee productivity, while streamlining your performance management systems.

Our Goal

In this toolkit you'll find a distillation of lessons learned implementing new and complex performance management solutions in over 100 large international enterprises. PeopleGoal's objective is simple, to give your organisation a project plan skeleton; a roadmap to easily and successfully reinvent your performance management process. With this toolkit you'll get a best-in-class approach to designing, building, and implementing new processes. We want you to have the tools needed to engage employees, helping them to become better performers and more satisfied participants in your organisation. We've also included practical templates, because we want you to have a head start on the practical implementation of such a project, as well as the framework needed for successfully executing such large-scale change.

The PeopleGoal Team

We suggest reading each section's brief, then answering the key questions included with each section. You'll also find links to those practical templates we mentioned—designed to help you implement the information presented in each section. We hope you find this information as helpful as we do. We look forward to supporting your progress. Now let's get started!

Part 1: Plan

Part 1: Plan

A project plan is an essential element to managing your project effectively. As Winston Churchill said, "those who plan do better than those who do not plan, even though they rarely stick to their plan."

It is not only important for communication, but it is also an invaluable way to keep yourself, and your project organised. An effective project plan includes four essential components—time, cost, scope, and stakeholders.

Your planning phase should address these key areas. You will very likely need to make assumptions as you flesh out a plan; it's useful to document these key assumptions in your project plan. And your project should have room to flex, containing contingencies should things run over.

Now, let's examine these four key components in greater detail.

Plan Element - Time

Key question – Is there an internal deadline driving this change? If not, what would an optimal go-live date look like?

The objective here is to determine a rough timeline for the project. Start with an ideal go-live date and work backwards. An accurate estimate of timing may only be available as we progress further into the analysis phase, but it's helpful to set milestones or stage gates.

For example, you may wish to break down your timeline into target dates for the completion of each phase of the project plan. Similarly, you may wish to include milestones for getting business approval on each phase of the project.

We've created a sample project plan (resource link included in the template section below), which you can use to plan and monitor your performance management overhaul project.

Part 1: Plan

Plan Element - Cost

Key question – What is your budget for this project?

Budgeting can be a complex piece of your project plan; you may need to request additional funding for your performance management update project, or move resources away from alternative projects. Additionally you should be prepared to add a 20% to 30% contingency line to your budget.

Be sure to consider all the chargeable factors, such as:

- Full-time resources required for the project
- Number of external/contractor resources at associated day rate, if any
- System/vendor costs (include room for implementation and consultation charges)
- Licence fees
- Sundry costs (materials, resources, meeting rooms, etc.)

Plan Element - Scope

Key question – In broad terms, can you describe the organisational, functional and system areas that are in scope for this project?

It has been our experience that the best variable to adjust in your project planning is scope. If you are constrained by time or cost, then you should flex your scope. It's better to deliver change with a smaller scope at a higher quality, than over-stretch yourself and under deliver.

Scope must first address the organisational change. Are we planning an overhaul of performance management for the entire organisation, or for specific teams/departments? And which functional areas are we overhauling—360° feedback process, employee training, annual performance reviews, or something else? Many of these systems may overlap, and can be impacted by changes to your existing HR system setup.

As you begin to articulate the scope of your project, you may be tempted to start defining requirements, but try to keep it to a higher level at this stage. Detailed functional and system requirements will emerge in the analyse and design phases.

Be prepared to revisit your plan and assumptions after each successive phase of the project. Your assumptions will very likely change as your progress. Now let's address the final key element of your plan, stakeholders.

Part 1: Plan

Plan Element - Stakeholders

Key question – Who has the authority to influence this project or its outcome?

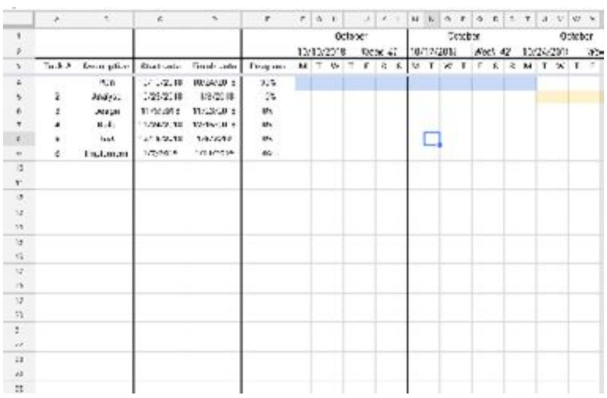
Your project's success or failure is highly dependent on stakeholders. The more engaged your stakeholders are, the higher the chance of completing the project successfully. Therefore it is critical to create a strong stakeholder matrix (resource link included in the template section below) at the start of any project.

A stakeholder matrix consists of the project phases, activities, milestones, and a stakeholder list. For each stakeholder a RACI definition should be assigned.

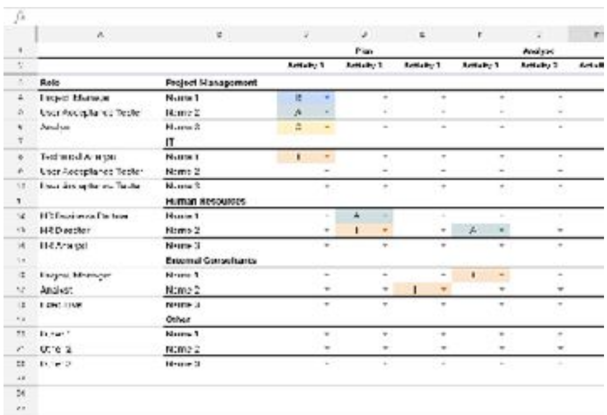
A RACI definition includes:

- **RESPONSIBLE** - The person who is responsible for completing the task. The person who is assigned to do the work.
- **ACCOUNTABLE** - The person who is the decision maker and owner.
- **CONSULTED** - The person who should be consulted before a decision or action is taken.
- **INFORMED** - The person who must be informed that a decision has been taken.

Resources



Sample project plan Gantt chart



Stakeholder RACI matrix

Part 2: Analyze

Analyze

In the analysis phase, the starting point should be to benchmark the state of your performance management process. This is your baseline to work from; a basic assessment of the "AS-IS" situation. The "AS-IS" assessment helps you know what parts of technology, people, and process you want to keep in place, and which aren't working. The benchmark information also helps you to define the "TO-BE" target scenario. The opposite of the "AS-IS" is the "TO-BE", the target state you want to get to. Finally, a differential analysis, or a "gap analysis" is performed. This identifies the gaps between the "AS-IS" and the "TO-BE" states, and allows you to bridge the gap between the target scenario and the current assessment.

In a 2018 McKinsey & Company survey, 54% of respondents believed performance management had not had a positive effect on both employee and company performance.

Analyze

The AS-IS scenario

Key question – What systems and processes are in place today, and how are these performing to target?

You should begin defining your "AS-IS" segment by documenting what processes and systems are in place today. Next, perform some data-driven research to firm up your assumptions. Consider conducting a survey to address:

Level of employee engagement with the current process - This section will allow you to understand if the employees are satisfied with the current process. Bear in mind that they are the main users of the Application.

Manager perspective - Assessing the process from a manager perspective is again very useful. They have to manage the performance management process for multiple employees, and it is critical that their time is used effectively.

C-Suite perspective - Senior management input is also required—is the process and system you are currently giving senior management accurate snapshots of employees, team, and department performance?

HR perspective - HR is the enabler of the process and responsible for ensuring tasks are completed in a timely manner.

You can also use our handy survey ("Benchmark your performance management" survey link found in the template section below). If you score an 80% or better in any of the above areas, you have an effective process in place. If you score less than 80%, you know you have a performance management process pain-point that needs to be overhauled.

Analyze

The TO-BE scenario

Key question – What does best-in-class look like for your organisation?

Here is your opportunity to think outside the box—to take a broad strokes approach and ignore any obstacles. What would best in class look like at your organisation? A recent report by McKinsey & Company found that the strongest driver of overall performance management effectiveness is perceived fairness. This is broken down into three parts:

- Effective coaching by managers
- Goals linked to business priorities
- Differentiated compensation

It's useful to think about these drivers in the context of functional areas. For example, how can your organisation ensure that employees are conscious of top-level business priorities such as the importance of revenue/profitability versus risk and customer experience? If you begin to match your "TO-BE" desires to these key drivers, you are in a great position.

Analyze

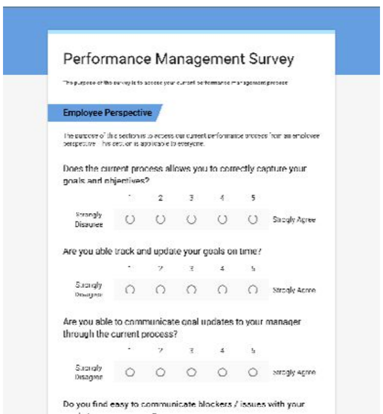
GAP Analysis

Key question – What are the gaps between the AS-IS and the TO-BE?

Once you have identified the gaps between the “AS-IS” and the “TO-BE” states, a differential analysis, or gap analysis (resource link included in the template section below) can be performed to quickly identify any areas that need change.

The “gaps” in the gap analysis can be broken down into three categories: process gaps, system gaps, and cultural gaps. Once you've documented these gaps you will have a clearer picture of the individual and specific changes required to optimise your performance management system and strategies.

Resources


Performance Management Survey

Employee Perspective

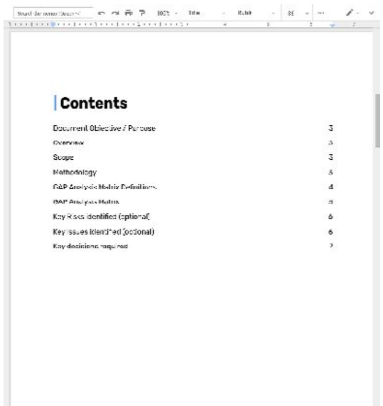
Does the current process allows you to correctly capture your goals and objectives?

Are you able track and update your goals on time?

Are you able to communicate goal updates to your manager through the current process?

Do you find easy to communicate blockers / issues with your

[Performance management survey]

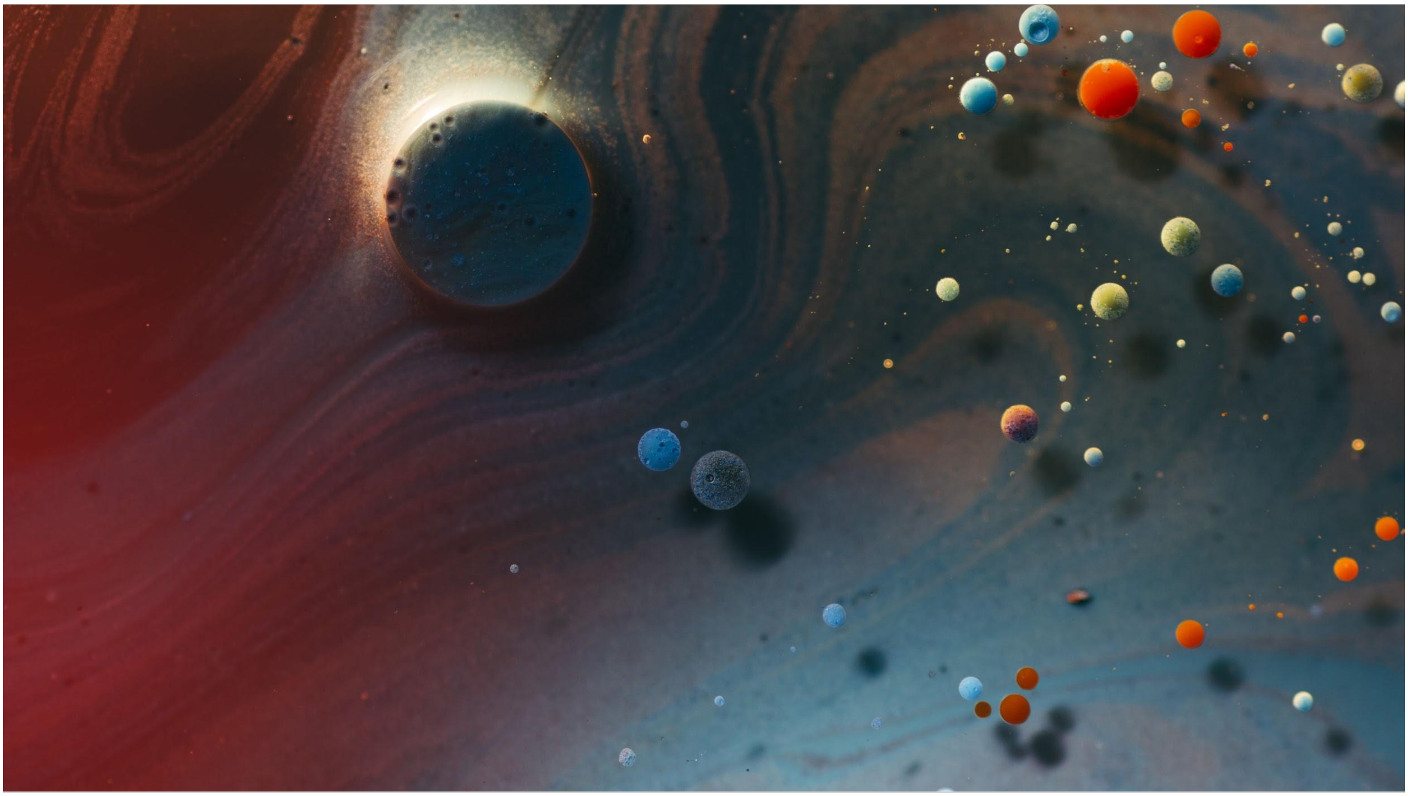

Contents

Document Objective / Purpose
Overview
Scope
Methodology
GAP Analysis Matrix Definitions
GAP Analysis Matrix
Key Risks Identified (optional)
Key Issues Identified (optional)
Key decisions required

[GAP Analysis]

Part 3: Design

Design



The design phase allows you to truly begin the detailed work—creating a set of requirements that should cover user stories, and the needs within a user's story, to build a targeted process map.

"More than 80% of organisations are considering making a major change to performance management, or already have."

—Gartner, 2017

Design

Defining Requirements

Key question – What is your list of functional and system requirements for the project?

A requirements matrix (resource link included in the template section below) is a great way to identify and gather the requirements needed for changing your performance management process. You can use it to track both system and non-system requirements throughout the project cycle.

It is critical to create this requirements matrix during the design phase, as it forms the foundation for the rest of our toolkit. You will use it to build, test, and launch your process management overhaul. It demonstrates clearly what is required to achieve your desired state of performance management. It also comprehensively defines your requirements, and gives you a far clearer picture of scope. It can be used to hold 3rd party vendors accountable, and keeps everyone aligned with the project's objectives. Ensuring all of the relevant stakeholders have agreed to (and ideally participated in) the requirements definitions are critical. It's also best practice to aim for business sign-off or approval of these requirements, before moving onto the next phase.

Process Documentation

Key question – What do the target processes look like from the perspectives of different roles involved?

Process documentation provides a clear map of the hand-offs needed between steps. It shows the functional requirements of the new performance management process in a clear flowchart.

Used as a guide in the next stage (the build stage), process documentation should give a bird's-eye view of the process, from the perspective of any given role. The idea is to create a process flow (reflected in a process map), as it relates to a particular activity or a task.

Process maps (resource link included in the template section below) should be matched and aligned to requirements as defined in the requirements matrix. Ideally all of your documented requirements will be covered or touched upon in the process map. These documents, one page in length on average, contain the elements of "input/output controls" and the systems required to perform the activity.

Inputs help you define the necessary information to conduct the procedure. Outputs help to define the documentation/information that will form an input to the subsequent step. Controls allow you to add checks and balances to a process.

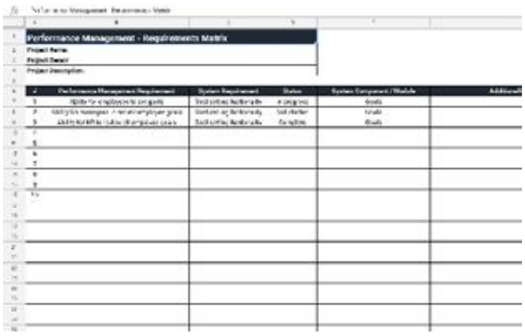
Design

For example, if you want to run a spreadsheet with marketing KPIs, the input is the scores you have to put in the spreadsheet. The outputs are calculated figures in the above example, and controls relate to controls that you have in place to avoid having an error in your calculations.

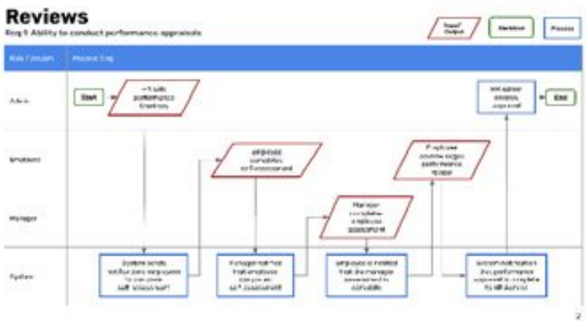
A good process map will also identify all the necessary participants in the process.

Creating process maps is a time-consuming task and will require dedicated resources, however the output is invaluable. Your process documentation could become a golden source of information for your organisation, especially when it comes to dealing with 3rd parties, building new employee training materials, or even general queries.

Resources



[Requirements matrix]



[Functional specifications]

Part 4: Build

Build

This phase is all about constructing and building the processes and systems you've meticulously designed and planned in the earlier sections. This phase can take the longest chunk of time, so it's essential to keep your stakeholder group updated on the status of the project. Regarding the actual build phase, the first step is to identify what you can handle in-house versus outsourcing. Then you'll need to secure 3rd party service providers and software vendors.

In-house Systems or 3rd-Party Vendors?

Key question – Which parts of your processes and systems should be outsourced to 3rd-party vendors, and which parts can you deliver internally?

Once you have established what processes and systems you'll need to outsource, you can shop for (and decide upon) reliable 3rd party vendors and providers.

A vendor comparison table (resource link included in the template section below) will allow you to evaluate the system options available from potential 3rd party sources. The table should include all of the performance management features you require (and the elements that aren't being handled in-house), so you can compare each vendor by feature/functionality.

Some excellent places to look for solution vendors are:

- Capterra
- GetApp
- SoftwareAdvice

Once you have identified your top three vendors based on requirements, you will submit RFPs (request for proposals) or other official requests. You can also ask for things like product demonstrations, trial accounts, and qualification calls.

Before choosing a vendor, you should map out your future process, and even run pilot phases with your top vendor's software. You can also include non-software vendors in this step. Be sure to raise your queries and requests with each vendor specifically, as you may have missed something in your requirements coverage analysis.

And, if you're looking for additional buy-in support with your superiors or key stakeholders regarding performance management software, our blog post Why invest in performance management software?, gives you seven stellar reasons why your organisation should consider investing in performance management software.

Build

Status Reporting

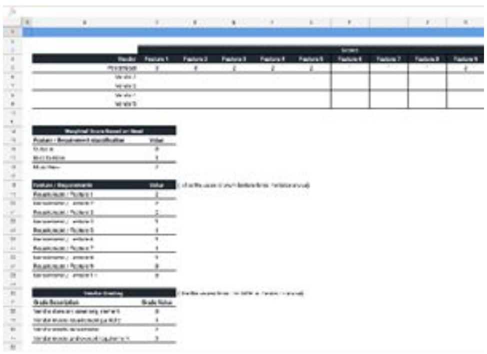
Key question – What is working, what is causes delays, and are you documenting the friction points of the process?

With respect to the process side, during the build phase you will want to have frequent meetings to review the status of your performance management project. Using a **RAG status report** (resource link in the template section below)— Red, Amber, and Green rating system—will allow you, and your key stakeholders, the chance to raise potential issues, address blockers with the project completion, and identify solutions to move forward.

You should also be ready to update your target process documentation as you go through the mock runs. Give yourself and your team the flexibility to adjust the process designs as you build them. Then, once you're comfortable that everything is developed and running smoothly, you're ready to move on to the test phase.

Resources

[(RAG) status reporting template]



[Vendor comparison workbook]

Part 5: Test

Test

This phase is about testing the target processes holistically. The objective is to test the solution with real users in a real environment; then match tests to requirements, and get sign-offs from key stakeholders before proceeding to the implementation (or go-live) phase.

Running a Pilot Test

Key question – Which group of business users would be best suited to run a pilot test of your new performance management process?

A pilot phase can be extremely useful for reducing overall project risk and increasing business confidence in the proposed solution. Testing also has an important role in validating all of the functional requirements in your performance management remodel.

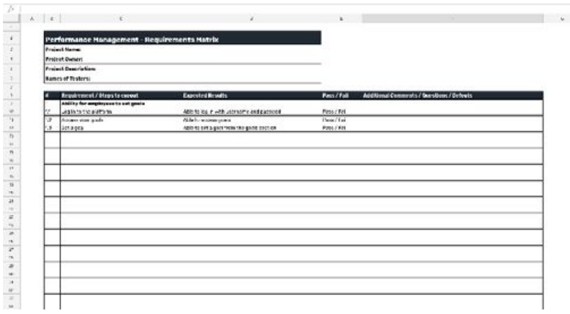
Once you have a working pilot test, pick a team or department (e.g. account management, small-business customer prospecting, loan portfolios) to participate in your test for a fixed period in length (one to three months is typical). The pilot phase should have the clear objective of achieving final business sign-off.

Your pilot team will run the performance management process outlined in the pilot test(s) and then sign off individually, providing feedback if needed. Building a **UAT (User Acceptance Testing)** schedule (resource link in the template section below) that correlates the tests to the functional requirements will ensure all aspects of the new performance management process are tested successfully.

Additionally a **UAT sign-off template** (resource link in the template section below) to summarise the tests completed, and to highlight if the testing was successful, is a good idea. This form should contain the output of the UAT testing, the name of the tests, and a sign-off area. Each pilot test can have multiple test runs, and may also include a decision to purchase licence(s) from 3rd party vendors, or agree contracts. When each test in the schedule has been passed and signed-off, you are now ready to approach your stakeholder group for final authorisation to implement or "roll-out" your reinvented performance management process.

Test

Resources



[UAT Template]

[UAT sign-off template]

Part 6: Implement

Implement

The deployment or implementation phase is comprised of three main elements: communication, systems, and a go-live event. By covering these areas you can ensure that the project has a successful implementation, and is well-received by your organisation and the stakeholder group.

Communication

Key question – Why is our business doing this project, and what does it mean for your department and for you as an employee?

A company-wide communication email/newsletter is essential in preparing the organisation for the upcoming shift. Ideally the communication should be co-signed by the project sponsor or executive; it should also clearly and simply explain what's happening. Common communication email/newsletter elements include:

- What is changing
- Why is it changing
- Who is affected
- When is it happening
- And finally, what action is required

Your performance management changes communication (resource link in the template section below) should go out on or prior to your go-live date. Be sure to include links to more detailed material, including any FAQ training materials you have prepared. You can also consider including contact details for those have questions.

Systems

Key question – Which system activities need to occur prior to going live?

A go-live checklist (resource link included in the template section below) is great way to build confidence that all the necessary system activities have been completed prior to the implementation date. Things to consider for your checklist include the configuration of 3rd party products in production, data migration from existing systems/databases, user setups, imports from connected systems, and testing live integrations.

Implement

Go-Live Event

Key question – What does "going-live" actually look like and who, what, where is involved?

The go-live event should be planned well in advance. Consider the optimal working-week day and time for this to occur. Large systems changes often occur on weekends to minimise disruption. Also consider also who needs to be involved to provide live support, answer questions, and solve problems. Be sure to include 3rd party vendors in your go-live event, if their help is required to onboard users and provide support.

It's also good idea is to nominate a go-live champion who will run the show, and call the shots during the go-live event. Significant communication needs to occur between vendors, IT, and the business, so think about what communication channels will be used during the event.

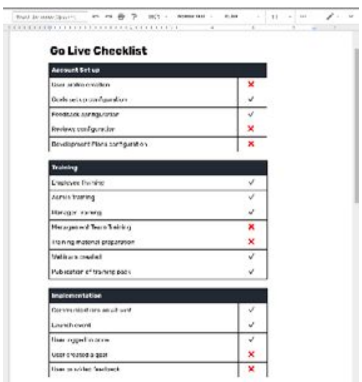
Resources

Sample Communications Email

[Communication template]

"Communication—the human connection—is the key to personal and career success."

—Paul J. Meyer



Go Live Checklist

Account Set up	
[illegible]	✗
Goals set up configuration	✓
Feedback configuration	✓
Reviews configuration	✗
Development Plans configuration	✗

Training	
Employee Training	✓
Admin training	✓
Manager training	✓
Management Team Training	✗
Training material preparation	✗
Webinars created	✓
Publication of training pack	✓

Implementation	
Communications email sent	✓
Launch event	✓
[illegible]	✓
User created a goal	✗
[illegible]	✗

[Go-live checklist]

Part 7: Support

Support

The first few months after going live are about providing support, training, and help to smoothly embed the new processes and procedures. Support should be two-pronged, with help and answers available internally as well as from 3rd party service providers. Your employees will most likely have questions on the process and definitions, which you, and your business, should be prepared to answer.

"The biggest limitation of annual reviews is their heavy emphasis on financial rewards and punishments and their end-of-year structure. They hold people accountable for past behavior... In contrast, regular conversations about performance and development change the focus what your organization needs to be competitive today and years from now."

—Harvard Business Review

Implement

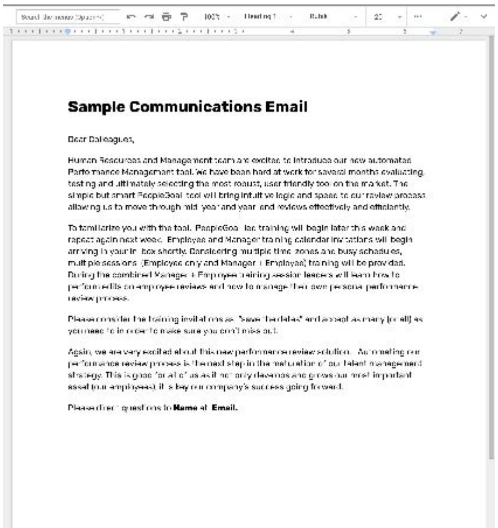
Review and Adjust

Key question – Have your objectives been achieved and what's working versus what isn't?

After a few months of the new processes and procedures being in place, it's time to do an After Action Review (AAR), taking a look at 1) where your organisation is currently, and 2) what you wanted to achieve when you initiated this project.

You should also consider running the same performance management process survey (resource link included in the template section below) you ran during the analyze phase to benchmark your progress. It will give you measurable and actionable metrics that will show improvements/gains from the newly implemented process. The expectation here is that you score high. Repeat the survey every 6 months and calibrate your process. Additionally consider what could be further improved or tweaked in your performance management process, and assess the impact of making these changes. For example, maybe you want to implement additional training for new employees. Often it's best to wait until the next cycle of processes to make these improvements. Be sure to stagger or prioritise these changes to minimise impact. Finally, keep your process documentation up-to-date and available to all users; maintaining these operating procedures is key to delivering a consistent and repeatable experience across your organisation.

Resources



Sample Communications Email

Dear Colleagues,

Human Resources and Management team are excited to introduce our new automated Performance Management tool. We have been hard at work for several months evaluating, testing and ultimately selecting the most robust, user friendly tool on the market. The simple but smart PeopleGoal tool will bring intuitive logic and speed to our review process allowing us to move through mid-year and year-end reviews effectively and efficiently.

To familiarize you with the tool, PeopleGoal training will begin later this week and repeat again next week. Employee and Manager training calendar invitations will begin arriving in your inbox shortly. Considering multiple time zones and busy schedules, multiple sessions (Employee only and Manager + Employee) training will be provided. During the combined Manager + Employee training session leaders will learn how to perform edits on employee reviews and how to manage their own personal performance review process.

Please consider the training invitations as "save the dates" and accept as many (or all) as you need to in order to make sure you don't miss out.

Again, we are very excited about this new performance review solution. Automating our performance review process is the next step in the maturation of our talent management strategy. This is good for all of us as it not only develops and grows our most important asset (our employees), it's key to our company's success going forward.

Please direct questions to **Name** at **Email.**

["Benchmark yourself again" survey]

How PeopleGoal Can Help

Congratulations! You've made it to the end of our toolkit and successfully redefined your performance management process (or at least begun to consider process upgrades).

We hope that you've found valuable insight in this piece, with PeopleGoal helping you to plan, develop, build, test, and execute unique performance management systems for your organisation.

From paper-based process migration to raising employee engagement, we know it takes a lot of time, research, analytics, and resources to support your organisation's needs. That's why we're here to help you adapt. We'd love to partner with you, helping you through every step of your performance management process reinvention with our consultative approach.

Many companies simply sell you their software and move on. Not PeopleGoal. We stay beside you from start to finish, helping you to choose the right performance management software elements for your organisation. At PeopleGoal, we aim to put the "service" in SaaS!

Schedule a meeting with us

Request a meeting with our team by emailing us at contact@peoplegoal.com

PeopleGoal is a cloud-based employee experience platform. PeopleGoal was founded in the UK in late 2013 and incubated under the AngelPad program in New York and San Francisco. Our main offices are now in Bristol, UK.

PeopleGoal is used worldwide to help organisations manage their employee lifecycle across many different industries. Our hands-on approach has seen us grow and evolve with our clients, providing invaluable consulting and implementation support as partners in the employee engagement and management space.

PeopleGoal
Engage, Develop, Perform.

35 King Street, Bristol, BS1 4DZ
https://www.peoplegoal.com