



Breaking Up with Performance Ratings: CAE's Story

workhuman*

Goodbye, ratings

Does your company waste weeks and months preparing annual performance assessments that never see the light of day? Do you wish you could turn traditional performance management on its head, while still ensuring fairness for employees? Here's how one Workhuman® customer, CAE – a global leader in training for civil aviation, defense and security, and healthcare markets – approached their journey to a performance development process free of ratings.



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What factors made you want to revamp your performance process?

LS

It came out loud and clear in our employee surveys that our performance management process was not contributing to a positive employee experience. We had the support of our CEO, who said, "We need to blow this up." We also saw a lot of change happening at other companies – Microsoft, Adobe, Deloitte – that were leveraging neuroscience research in

understanding the impact of traditional performance management and making adjustments.

MM

People were spending a lot of time completing self-evaluations. Managers were in their offices between March, April, and May filling out the same evaluations for numerous employees, and not really making much use of them afterward. We heard loud and clear: "We're tired of feeding the machine" – just doing it for the sake of doing it. The value wasn't in the summary rating and written monologue.

Why did you decide to remove ratings?

LS

Employees worked hard all year, and then they got to the annual review and there was some trepidation about the conversation they were about to have with their leader. It was all focused on the evaluation and where they would land on the five-point scale. Which label would they be attached to? People were not focused on the rich feedback and development piece of the conversation. Ratings weren't adding value; they were detracting from what the conversation needed to be about.

What replaces the old process?

LS

Our new performance process is called CAE+me, named as a result of an internal contest and designed to empower our employees for continuous development and performance excellence. CAE+me is focused on making the whole process lighter and simpler for employees to have ongoing, frequent 1:1s, multi-source feedback, and agile goal setting. User experience and value is at the center of this approach.



How do you ensure that compensation and rewards are fair and accurate without ratings?

LS

As part of CAE+me, we created the Talent Compass, which includes questions around contribution, company values, growth, and rewards. The rewards category in particular is meant to give managers and employees structure around compensation reflections and conversations. We're trying to break some of the taboo of not talking about compensation and make it an open conversation that they may have a number of times throughout the year. This is driving consistency in the thought process that leaders and employees both go through in reflecting on overall contribution.

We've also started educating our employees on our overall compensation philosophy, so it doesn't appear to be a black hole. For example, we are transparent in how compensation decisions are made and that we participate in compensation surveys to ensure we are competitive relative to the market. And even without ratings, the compensation team performs analysis on the back end to ensure differentiation and looks at aspects of diversity to make sure there aren't any red flags.

MH

The accountability comes back to the manager. We provide them with a budget and a decision-making guide with questions to reflect on employee contributions, differentiation, and motivation. Now managers can't hide behind a rating. The role of the

HR business partner is to look at the compensation recommendations and make sure managers are really following our culture of differentiation and not just giving 3%, as an example, across the board in a "peanut butter spread" approach.

MM

When you give a rating, there is still subjectivity. The rating is just a false sense of security. By stripping out the rating, we have made it about the thought process and decision making that should have been going into determining a rating. This is more transparent and creates a richer conversation and understanding. And yes, it requires more courage from leaders.

What has the employee feedback been on the transition?

LS

We've had really positive feedback on getting rid of ratings and using the Talent Compass. The best comment I've received is: "I have had some of the best and most authentic conversations in my career using the Talent Compass." Now that we've put a bit of structure in place, it's opening up the dialogue and people are having more authentic conversations.

MH

It's allowing employees to have the conversation about compensation throughout the year, or whenever necessary, which is pushing the compensation team, the HR team, and managers to be more transparent. If we have to present the salary scale to a specific employee or the market data to build that trust with an employee, we will do it. That wasn't necessarily the case a few years ago.

How has working with Workhuman helped with this mindset shift internally?

LS

The inspiration came from Workhuman® Live a few years ago, where I heard from other companies headed down this path to creating a more positive employee experience. We are now using Conversations®, which supports people having regular conversations as part of CAE+me. Employees and managers can now capture highlights from their Talent Compass discussions directly in Conversations. It's all right there at their fingertips.

What advice would you give another company thinking about removing ratings?

LS

Think about the employee experience you're trying to create and challenge yourself on what you currently have. What is the value of ratings? Is that value higher than any of the negative that they may also bring? You have to figure out what fits in your company. I don't think we could have kept the way we were doing performance management before and just flipped the switch on the ratings. It was a whole mindset shift from performance management to performance development, and it's about growing, developing people, transparency, and the user experience.

Learn more about how to humanize your performance process and empower your employees. Contact Workhuman today.

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