Welcome

1. Engaging Feedback Mechanisms
2. Creating a Balanced Scorecard

Housekeeping
Agenda

8:00 – 9:15
  – Icebreaker

9:15 – 11:30
  – Engaging Feedback Mechanisms
  – Creating a Balanced Scorecard

11:30 – 12:00
  – Assignments for Session 7
  – Pre-work for Session 8

If you could sit on this bench and chat for 1 hour with anyone from the past or present who would it be...??
Engaging Feedback Mechanisms

Surveys

360’s

Idea Venues

Blogs

Workshops

Town halls
List of Tools we will Cover

- Employee Reviews (Performance Appraisals)
- 360 Evaluations
- Performance Matrix
- Suggestion / Innovation Boxes
- Engagement Surveys
- More of, Same as, Less of
- Others

Employee Reviews  
(The dreaded *Performance Appraisal*)
Employee Reviews (Performance Appraisals)

- What is the purpose of your employee review / performance appraisal?
- What do your managers like about your employee review / performance appraisal process? What do they dislike?
- What do your employees like about employee review / performance appraisal process? What do they dislike?

Exercise: We are a task team assigned to create a new employee review...
Introducing the Employee Development Plan

- Looks forward as well as backward
- Initiates two-way discussion with employee
- Provides guidance and direction
- Should not be tied to employee compensation
360 Evaluation Overview

- **What is a 360 Evaluation**
  - Opportunity to hear feedback from all levels of the organization around you – up, down, left, and right
  - Meant to compliment a performance appraisal
  - Should be “developmental” in nature (vs critical)

Basic 360 Evaluation Process

- **Employee and Manager meet to create list of reviewers**
  - Typically, 360 evaluation recipients include at least 5 and no more than 10 people:
    - Peers (2 – 4)
    - Clients – internal, external (2 – 4)
    - Managers – direct and matrix
    - Direct reports
    - Other

- **Manager completes top of evaluation form**

- **Manager sends out forms to reviewers**

- **Manager reviews and makes notes of 360 results**

- **Reviewers complete and return 360 forms**

- **Manager and employee meet to discuss 360 results**
  - Schedule time
  - Do not share actual forms or direct quotes
  - Talk about trends and common themes
  - Exclude errant data points

**After**
- File data in a secure place (3 years)
- Review for annual performance discussion
360 Evaluation Overview

The Upside?
- Creates an open environment
- Builds a culture of high performance
- Allows clear communication from all levels
- Excellent discussion tool between manager and employee
- Manager gets a true sense of employee’s overall performance
- Employee views the process as being more fair
- Minimizes bias (“you just don’t like me”)

The Downside?
- Time consuming
- Requires more administration than a typical performance review
- Requires Training – Especially when introducing 360s
- Without proper training, you risk:
  - A tool that is not developmental in nature (becomes a “told ya so” crutch)
  - Loss of confidentiality
  - Hurt feelings
  - Inaccurate performance overview – people tend to focus on the negative comment(s)
  - If the process includes narrative, it requires even more training and oversight, as well as increased administrative time
360 Evaluation Overview

- **When**
  - During annual planning / review cycles
  - Anytime

- **Who is involved**
  - All employees should be open to participate as a reviewer and a person receiving feedback
  - Clients and stakeholders can be involved in the process as well
  - To gain acceptance, it is suggested that the first 360’s be limited to manager level employees only

**Warning Will Robinson:**

*Do Not Implement any 360 Unless the Leadership Is Also Participating*

The Form – Three Choices

1. Paper
Part One

360-Degree Performance Feedback Form

Employee being evaluated: __________________________

Review Period: From: ______________ To: ______________

Return to: (Current supervisor) ______________________

Circle or place an X below to indicate your relationship to the employee being evaluated:

- External
- Internal
- Peer
- Direct report
- Other: ________________________________________

You are being asked to complete the form for the employee listed below. Your assessment of performance and development discussion. Your assessment of strengths and improvement areas. Your individual input will be the completed form to current supervisor in a sealed envelope.

Confidential

2. Design in-house electronic (ie survey monkey)
ikaSystems 360 Evaluation

Initial Information Request

Please enter the name of the person you are evaluating and select your working relationship to that person.

First and last name of person you are evaluating (even if you are evaluating yourself):

Tom Johnson

Please identify your primary relationship to this person:

- Self - I'm evaluating myself
- Direct manager - the person I'm evaluating reports directly to me
- Peer - the person I'm evaluating does not report to me but I work with him/her
- Direct report - the person I'm evaluating is my supervisor
- Other - I don't fit into any of the above categories

Core Behaviors, Skills, and Competencies

Please rate this person on these core values, skills, and competencies.

Technical Competence and Knowledge

Professionally competent; keeps abreast of new developments in field; respected and sought out as resource.

- Excellent skills
- Strong to very strong skills
- Adequate or good skills
- Some skills, not a strength
- Minimal skills
- Not observed / NA

Quality

Committed to quality concept; incorporates quality standards into existing operations; ensures that work delivered to client meets all requirements and standards.

- Excellent skills
- Strong to very strong skills
- Adequate or good skills
- Some skills, not a strength
- Minimal skills
- Not observed / NA
Managerial Leadership Behaviors, Skills, and Competencies

Please rate this person on these leadership behaviors, skills, and competencies.

**Leadership**

Respected and trusted by peers and direct reports; acts as positive example to others supporting company values, mission, and strategies.

- Excellent skills
- Strong to very strong skills
- Adequate or good skills
- Some skills, not a strength
- Minimal skills
- Not observed / NA

**Goal Setting**

Creates and communicates personal and group vision; enlists support of employee network to pursue goals.

- Excellent skills
- Strong to very strong skills
- Adequate or good skills
- Some skills, not a strength
- Minimal skills

Living the ikaSystems Values and Competencies

Please rate this person on his/her commitment to living the ikaSystems values and competencies.

**Authenticity**

Is forthright with staff, peers, and our customers; says no and pushes back when we cannot deliver.

- Excellent skills
- Strong to very strong skills
- Adequate or good skills
- Some skills, not a strength
- Minimal skills
- Not observed / NA

**Integrity**

Promises only what we can deliver; delivers what we say we will deliver and when we say we will deliver it.

- Excellent skills
- Strong to very strong skills
- Adequate or good skills
- Some skills, not a strength
- Minimal skills
- Not observed / NA
The Form

- Two sections
  - Core behaviors
  - Managerial leadership
- Add one row for number of responses
- Numbers = responses in each category
- Top numbers = total for each rating
- How to evaluate
  - Look for patterns (high, low, NAs)
  - Focus on areas to improve
  - Acknowledge strengths
Reading the Comments

- Two sections
  - Strengths
  - Improvement areas
- Responses returned with your 360 results
  - Sanitized
  - Remember:
    - Snapshot in time
    - Two mistakes
      - Agree too quickly
      - Disagree too quickly
    - Look for patterns in the text
    - Look at strengths as well as improvement areas

3. External Vendor

Cornerstone

ORACLE

PEOPLESOF

successfactors

SAP

SilkRoad
• Why should we / shouldn’t we implement a 360 evaluation process?

Keys to Conducting a 360 Evaluation with an Employee

• Remain neutral – instead of saying ‘someone said. . .’, say ‘the feedback forms say. . .’
• Listen with your ears and eyes – if the employee seems to be reserved or defensive, ask why
• Ask the employee for comments – this should be seen as an open discussion to promote employee strength and growth
  – “Time management seems to be a theme. What do you think would help in this area?”
  – “Several comments cite a lack of response – can you think of times when you aren’t being responsive? What can you do to address this?”
• Use the information to develop goals
The Bell Curve

Are you Bad, Good, or Great?

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Research conducted in 2011 and 2012 by Ernest O’Boyle Jr. and Herman Aguinis (633,263 samples) found that performance in 94 percent of these groups did not follow a normal distribution. Rather these groups fall into what is called a "Power Law" distribution.

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Performance Matrix (Employee Assessment Tool)

**Performers**
- Solid performers who meet and exceed expectations
- Complete the job that is expected
- Hasn’t reached full potential – there’s still growth opportunities

**Stars**
- Defines the standard for exceptional performance
- Motivates and inspires others
- Generates growth and impacts the growth of the company
- Looks for solutions to problems and carries them through

**Transition**
- Not providing the results expected
- Often self-limiting
- May have major deficiency that’s difficult to overcome
- May be new to the organization or position – still learning

**Investment**
- Good technical skills
- Not producing at a high level but projects confidence
- Inspires others
- Looking to take on more – open to a challenge
- Shows willingness to learn
Exercise – Where do your employees fit?

<table>
<thead>
<tr>
<th>Performers</th>
<th>Stars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition</td>
<td>Investment</td>
</tr>
</tbody>
</table>

Performance Matrix (Employee Assessment Tool)

Employee Assessment Worksheet

<table>
<thead>
<tr>
<th>Performers – 20% - 30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Solid performers who meet and exceed production</td>
</tr>
<tr>
<td>- Cause no problems with business or clients</td>
</tr>
<tr>
<td>- Do what is expected of them</td>
</tr>
<tr>
<td>- May not have reached full potential but might with encouragement and support</td>
</tr>
</tbody>
</table>

Objectives:
- Provide opportunities for growth while maintaining high performance |
- Encourage to take on other duties and responsibilities |
- Push to stretch and grow |
- Provide opportunities to get involved with other areas inside the company or externally |

Your Stars – 10% - 20%

| - Define the standard for exceptional performance by consistently delivering results and motivating and inspiring others |
| - Generate growth and impact-growth of the company |
| - Fix problems |

Objectives:
- Continue to challenge and reward |
- Coach toward potential promotions |
- Don’t ignore this group – they may not need your attention, but they want it |

Transition Employees – 10% - 20%

| - Not delivering results for position |
| - Self-limiting |
| - Have minor deficiency that is difficult to overcome |
| - May be new hire or recently promoted into “stretch” position |

Objectives:
- Evaluate against the performance management model |
- Conduct candid, straight-forward feedback |
- Set incremental goals – don’t expect instant movement from transition to core |
- Identify and discuss other potential positions in the company (internal moves) |

Investment Employees – 20% - 25%

| - Good technical skills and self-developing |
| - Not yet producing at a high level, but projects great confidence |
| - In spite of production limitations, still impresses others |
| - Looking to take on more, open to a challenge |
| - Shows willingness to be mentored, to learn |

Objectives:
- Help them improve performance while maximizing potential |
- Set and monitor specific production goals |
- Evaluate workload, are they taking on too much? |
- Check if more training is needed/wanted |

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Suggestion Boxes
(or preferably, Innovation Boxes)

Suggestion Boxes (Innovation boxes)

• Who has Suggestion / Innovation Boxes in their organization?

• What are the ways they can be useful? What purpose can they serve?

• What are the challenges that you find with them?

• What's the strangest ‘suggestion’ or ‘innovation’ you’ve ever seen from a suggestion box?
Suggestion Boxes

If you go with either a suggestion or innovation Box

- Create an Suggestion / Innovation Committee
  - All levels of employees
  - Rotating membership
- Set very clear guidelines of what is an acceptable idea
- Evaluate all ideas – send the best up the ladder
- Communicate results
Surveys

Engagement Surveys

- Difference between an engagement survey and a satisfaction survey
- Full surveys vs. pulse surveys – what is each used for
- External vendor or DYI – pros, cons

Remember Session 2!
Determining Engagement Levels!
More of, Same as, Less of

Guidelines for conducting session:
• Manager leaves the room
• Neutral facilitator leads brainstorming for what the participants would like to see:
  • More of
  • Same as
  • Less of
• Facilitator ensures that each suggestions is agreed upon by all participants (if not, suggestion is removed)
• Final suggestions documented on 3 pieces of flip chart, one for each category – someone to report is assigned to each
• Manager is called back into the room where he/she:
  • Listens to feedback
  • Can only ask for clarification – cannot defend or argue
• Manager goes over his/her suggestions for team

Outside the room, the manager writes a more of, same as, less of flip chart for expectations of the team
As an example, let's do a more of, same as, less of exercise together. Your subject is: Bill Clinton

Other Methods
Other Feedback Mechanisms

One on one meetings

Town hall meetings

Developing a Balanced Scorecard
What is a Balanced Scorecard?

A Balanced Scorecard:


  "The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events…. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

– Allows managers to view critical operational factors and their inter-relationships with current and future performance in mind

– Provides focus on organizational vision and long-term success

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What is a Balanced Scorecard?

“Balance” comes from the ‘cause and effect’ nature of the tool


Why Implement a Balanced Scorecard?

- Link’s Company’s Vision, Strategy, and Results
- Align organization strategy with the work people do on a day-to-day basis – Line of Sight
- Prioritize projects/initiatives
Case Study - Why to Implement a Balanced Scorecard?

Employee survey results showed:
- The Company does not have:
  - easily accessible data
  - communicate monthly progress to all
  - a culture of “stretch” goals

- Employees not aware of:
  - Company’s performance against Business Plan
  - their own department or business’ performance to Plan
  - their own performance against goals and objectives
  - definition of “average” performance
  - the metrics of “high performers”

Exercise: What’s Your Reason?

Discuss why your company is interested in creating and using a balanced scorecard.
The Evolution of a Balanced Scorecard

“The Balanced scorecard structure may take 5-6 months to develop, with total completion in about 1 year”

Balanced Scorecard Basics on Implementation, Valerie Pike

The Development Process

- Get enthusiastic support and commitment from top management
- Carefully select the design team
  - Cross-representation
  - Get your IT support on board early
- Determine what the true drivers of performance are
  - Enlightening process
  - Defines the “heart” of the organization
  - Focus in on ‘cause and effect’ relationships
- Determining how to measure (would you like that in pounds, inches, pieces or adjectives?)
- What are the design and functionality criteria?
- Create consistent definitions
Exercise: What are you measuring?

Discuss what is important to measure at your company and how you want to display the measurements.

What are some of the engagement metrics you thought of including?

From your pre-work

Balanced Scorecard Data Breakdown Example
### Balanced Scorecard Graphic Display Example #2

<table>
<thead>
<tr>
<th>Critical Success Factors</th>
<th>Target</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Customer Care costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- reduced by 15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Market share increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- by 2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Program budget tracking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- at or under 100% of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>planned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Milestone 1 = week 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Milestone 2 = week 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Milestone 3 = week 48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Target patents on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>track</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Key technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>partners in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Product scores 4.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- with target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>consumer segment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Customer care scores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 4.5 with target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>consumer segment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Balanced Scorecard Example (Individual)

```
<table>
<thead>
<tr>
<th>Direct Reports</th>
<th>Fiscal Month to Date*</th>
<th>Fiscal Year to Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Goal</td>
</tr>
<tr>
<td>Employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engagement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training (%)</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Cost Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B/O</td>
<td>NA</td>
<td>65 Days</td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Utilization</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Contribution Margin (SMM)</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Revenue Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Backlog (SMM)</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Project Backlog</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Labor Sales (SMM)</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

* As of 6/30/2009
```
Balanced Scorecard Definitions Example

**Understanding the Calculations**

**Health and Safety**
- **Total OSHA Recordable Case Rate** – For only the Region, and North America, divided by Hours Worked in the period (Month or Year) times 200,000. (This is an OSHA standard benchmark. For a CSC, this is the number of recordable cases.
- **Lost Time Case Rate** – For only the Region, and North America, selection, this is the number of recordable cases divided by Hours Worked in the period (Month or Year) times 200,000. (This is an OSHA standard benchmark. For a CSC, this is the number of recordable cases rather than the occurrence rate.)

**Employee Engagement**
- **Training % of Payroll** – Training Labor plus Training Cost, Dues and Membership.
- **Turnover % - Voluntary** – Actual for the month - Voluntary Terminations for the month ending headcount at the end of the month.
- **Turnover % - Voluntary (Annualized)** – Year-to-Date Actual - Total Voluntary Terminations for the month by current fiscal month (July = 1, August = 2, etc.) times 12 divided by the average ending headcount for current month divided by 2.
- **Turnover % - Involuntary** – Actual for the month - Involuntary Terminations for the month ending headcount at the end of the month.

---

**Balanced Scorecard Example**

---
Balanced Scorecard Example

Balanced Scorecard Example
Balanced Scorecard Example

Balanced Scorecard

<table>
<thead>
<tr>
<th>Measures</th>
<th>Trend</th>
<th>Current</th>
<th>Variance</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td></td>
<td>$1.3M</td>
<td>41%</td>
<td>Financial</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td></td>
<td>$19.3M</td>
<td>-2.7%</td>
<td>Financial</td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td>5.9%</td>
<td>-41%</td>
<td>Financial</td>
</tr>
<tr>
<td>Customer Rating (%)</td>
<td></td>
<td>85.3%</td>
<td>3%</td>
<td>Customer</td>
</tr>
<tr>
<td>Average Customer</td>
<td></td>
<td>$502.2K</td>
<td>-6%</td>
<td>Customer</td>
</tr>
<tr>
<td>Customer Retention</td>
<td></td>
<td>91.2%</td>
<td>1%</td>
<td>Customer</td>
</tr>
<tr>
<td>On-Time Delivery</td>
<td></td>
<td>$1.0M</td>
<td>-4%</td>
<td>Internal</td>
</tr>
<tr>
<td>Admin Exp / Total Revenue</td>
<td></td>
<td>8.3%</td>
<td>17%</td>
<td>Internal</td>
</tr>
<tr>
<td>Turnover Rate</td>
<td></td>
<td>1.3%</td>
<td>87%</td>
<td>Learning/Growth</td>
</tr>
<tr>
<td>Average Training Hours</td>
<td></td>
<td>5.6</td>
<td>62%</td>
<td>Learning/Growth</td>
</tr>
</tbody>
</table>

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Exercise: What does your scorecard look like??

In your groups, design your scorecard:
– What does it look like on the screen?
– What graphics are used?
– How is it made to be user friendly?

Report back and begin to determine what your scorecard looks like

To Buy or Build

Buying
– Pros
  • Off the shelf ready
  • Professional look and feel
  • May include design support

– Cons
  • Maintenance comes from outside
  • Difficult to customize
  • Programming changes can be expensive
  • Needs tied to costs

Building
– Pros
  Design and customize to your specific needs
  Tie easily to your data
  Changes done quickly at minimum cost

– Cons
  • Significant investment of IT resource(s)
  • May not have the ‘professional’ look and feel
  • Longer development time
The Roll Out

– Communication Plan (consider linking with our Communication Protocol)
– Hold line managers accountable
– Avoid over engineering
– Include training sessions

The Maintenance – Yes, There are Costs

– On-going investment will be different in every organization
– In case study company’s case:
  • Manual HR and H&S input each month (sometimes a bottleneck)
  • Delays from chasing and “normalizing” international data
  • Data still requires QA by knowledgeable person to ground-truth
– Constant communication and integration with internal processes
– Ongoing IT support and maintenance to keep it fresh

But ideally, the benefits greatly outweigh the costs
Keeping it Vibrant

- Reference in CEO communication (part of your Communication Protocol)
- Use in quarterly operations review
- Prominent place on intranet
- Point employees there to answer their questions
- Communicate positive trends visible on scorecard (and negative trends as an “early warning system”)

Recommendations

- Before anything else, seek management buy-in!
- Then, make sure someone owns it
- Keep it simple and focused
  - One screen / one page
- Metrics (drivers) have to be aligned with goals (What will fulfill the mission of the organization?)
- Link to as many communications and activities as possible or conceivable – people only hear something when they see or hear it 13 times
- Do the “numbers” and the “pictures”
Recommendations – cont.

- Establish meaningful benchmarks/comparisons to historical data
- Make it relevant and understandable to all employees
- When trends go south – engage employees in correcting the course (it’s about vision and long-term success)
- Treat it as a learning tool – not a control tool!

“Organizations that have not involved employees have not achieved desired results”

- Valerie Pike

Assignment
Assignment

- Conduct at least one More of, Same As, Less of exercise with a team
  - What were the key take-aways from the exercise?
  - How will these help the manager/leader be more effective?
- Complete a Resource Matrix on a team and discuss how to develop employees appropriately
- Discuss implementing or improving a balanced scorecard in your organization with a senior leader

Pre-work for Session 8

Engaging Feedback Mechanisms

Creating a Balance Scorecard
Pre-work for Session 9

• What % of your population is eligible for bonuses?
• What % of bonus is based on qualitative results? Quantitative results? How are these measured?
• What types of ongoing reward / recognition programs do you have for everyone in your organization?

Thank you

See you on
March 21