



## Performance Acceleration:

Via Performance Management and Continuous Learning and Development

# What is Development Bound Performance Management?

## Background

The big story of 2016 will be that organizations are actively revamping their performance management systems and processes completely. As the expectations from performance management shifts toward improving employee performance, engagement, and productivity, more and more organizations are moving away from the one size fits all, the hibernating black bear model that resurfaces twice an year.

According to research conducted by NeuroLeadership Institute, organizations are not only planning to move away from performance ratings, but are significantly increasing the number of performance conversations, redirecting these conversations toward employee growth and development<sup>1</sup>. Consequently, organizations are treating this as a change management initiative and rebranding the performance management process to reflect the new objective of growth and development.



## What does best-in-class performance management look like?

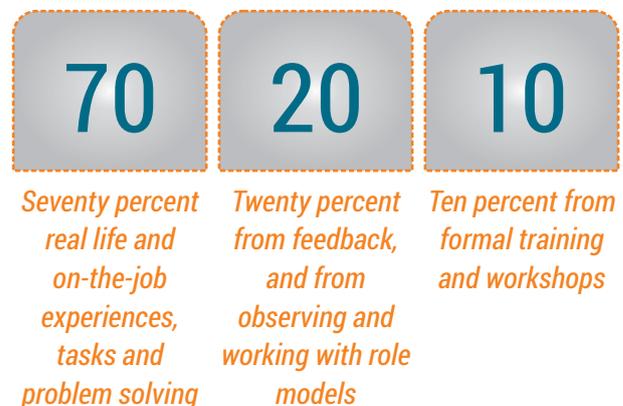
According to InspireOne's experience of working with clients, best-in-class performance management systems ensure ongoing dialogue between manager and employees, and maintain a strong focus on coaching and on-the-job development, with the overarching objective of achieving organizational goals. This evolved model identifies employees' strengths and weaknesses using various assessments

(360 degree, development centre, psychometric assessments, etc.) and then focuses manager and employee's efforts on developing specific competencies and knowledge gaps to accelerate performance and productivity.

Organizations that effectively determine employees' development needs and support employees in designing and achieving the right development goals are known to generate better business results. For example, organizations with high quality development plans generate twice the revenue per employee compared to organizations with poor or ineffective development plans<sup>2</sup>. This data in itself builds a strong business case for why development planning and a sea change in performance management is critical.

## The new wave: 70:20:10 model

The 70:20:10 model of development planning helps make IDPs more meaningful and personal for employees, generating a higher interest in and ownership toward personal development. Morgan McCall and his colleagues working at the Center for Creative Leadership (CCL) are usually credited with originating the 70:20:10 ratio. Now a widely used concept, 70:20:10 formula describes how individual development planning should involve the following three elements:



The model proves that development cannot be limited to training programs, and all organizations need more holistic approach toward development to ensure success.

## Creating an Ecosystem of Development and Continuous Learning

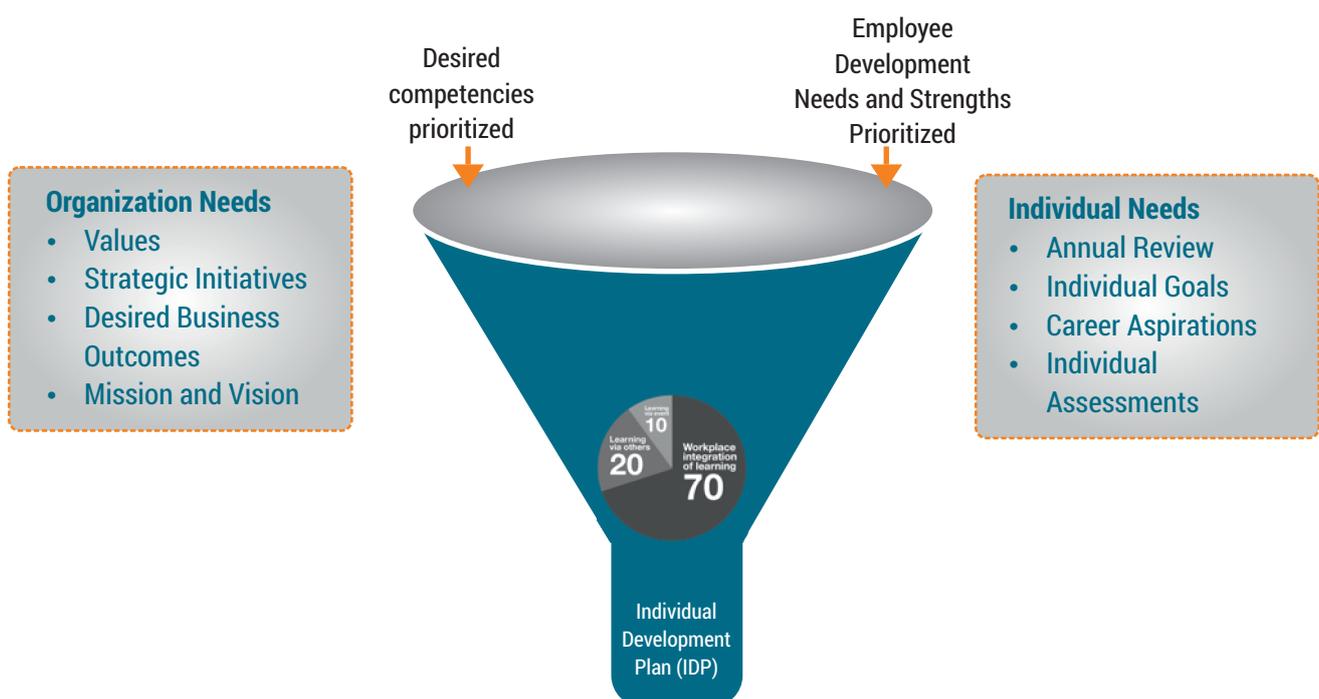
Few changes that can help make development more holistic and link it with the performance management system are highlighted below:

- Focus on employee development planning (IDPs) and get people ready for the next level, using the 70:20:10 model of development
- Use competencies for development planning, and apply competency frameworks that are relevant to organizational growth
- Treat performance management as an ongoing process, and shift its responsibility from HR to the line
- Build manager skills around developmental and coaching conversations and delivery of real-time feedback

However, the one shift that organizations need to make right now is to move away from disproportionate focus on 10%, which includes training and education part. Organizations today are dealing with over-trained and under-developed employees. Ideally, much less of L&Ds practitioner's, time, and resource should be spent on training sessions. Much more should be focused on ensuring employees obtain the right exposure and experience on-the-job to apply new techniques, make mistakes, learn and relearn.

It is a well known fact that employee engagement is directly linked to **highly individualized ways of learning**, taking both formal and informal pathways into account. As of now, only top leadership team gets exposure to coaching and actively participate in action learning projects (ALPs). But there is a serious need to penetrate the 70:20:10 methodology to all levels and make experiential development all pervasive for a high-performing and engaged workforce.

### Individual Development Planning (IDP) creation process in a snapshot



# How to make development and continuous learning successful?

This new approach to development and its enmeshing with performance management requires a change in how leaders and managers think about and actually manage their people<sup>3</sup>. As a first, development has to be aligned to competencies that are critical to organizational growth. From a dual contributors' perspective, these can then be narrowed down to what competencies the employee needs to work with to achieve success, while leveraging personal strengths and aspirations. A number of organizations have transitioned successfully toward this new approach. Highlighted below are a few elements that can make the shift toward holistic development more successful:

## Moving to the 70:20:10 model and creating IDP for personalized and meaningful development

—Organizations have to move away from just training their employees on skills gaps, and make the developmental experience holistic. Hands-on experience (70%) is the most beneficial for employees, but the experiences should be clearly tied to business goals and organizational strategy.

Learning from others, exposure (20%) involves interacting with influential people in the organization who serve as coaches, mentors, etc. The model should not just be a guideline for drafting IDPs, but serve as a ratio in which learning opportunities are provided in the organization by the L&D team.

To ensure complete success, we recommend creation of IDP guides for critical roles. IDP guides are comprehensive documents consisting of a list of best practices and an inventory of stretch goals for development of role-specific functional and behavioral competencies\* at the right proficiency levels. This guide acts as a tool in making competencies actionable and clearer to role holders, and helps simplify the process of development planning by providing easy references for 70:20:10. The process of creating IDP guides is simple yet needs time and effort, and an ability to probe role holders and supervisors for real-life cases and examples of competency demonstration.

### Competency Best Practices

#### Passionate about customer experience

**Definition:** Continuously enhances value for customers and creates customer delight.

#### Descriptors:

- Understand the stated and unstated requirements of customers
- Continuously improve all parts of customer experience across different touch points
- Is committed to serve customers with excellence

#### Passionate about customer experience

#### Development Options

#### Experience (70%)

#### Best Practices with Example:

- Leaders devise a mechanism and design information regarding changes in market in his region who are more proactive regarding changes in the customer needs. Another DGM has set up a forum to review changes they foresee in the market.
- Leaders move away from operational

- Basis on information collected regarding future trends and changes, identify one change that will have maximum impact on state's business and recommend a strategy to zone head on how to mitigate the negative effects of that change
- As the industry is price sensitive, conduct a demand forecasting for your state at differential pricing. You can complete this exercise for either three or six months as pricing needs to be change henceforth based on competitive landscape. Use the demand forecast data to obtain buy-in from internal stakeholders for a set a price that would bring maximum incremental market share.
- For your state, create specific customer value proposition statements that can be easily leveraged by the ASMs. These statements can be around specific areas such as:
  - Higher life capacity of tractors
  - Heavier and sturdier chassis
  - Heavy duty components

**Note:** For organizations that do not have an existing competency framework, we recommend the IBM Talent frameworks, a well-researched library of role-specific competencies. As a partner to IBM Smarter Workforce, InspireOne can work with its clients on customization and implementation of competency initiatives using IBM data as a base. To know more about IBM Kenexa Talent Frameworks, please reach out to InspireOne.

**Building skills of managers around effective performance conversations and coaching**—With the new continuous learning and development culture, frequency of performance and coaching conversation will significantly increase. Also, the nature of these conversation will become more strategic and outcome-focused.

Further, the shift in focus from telling employees what to do, and instead, enabling them to search for answers to achieve their goals can be difficult and daunting for few managers. As most people are not born as great coaches, it is the organizations requirement to provide managers with the right tools and guidance on becoming better coaches

**Treating this shift as a standalone change initiative**—in order to embed a continuous learning and development culture and make it effective, it needs to be treated with the same seriousness as any other initiative requiring change management. As such, this entire initiative should be planned, and supported by designated change champions who are committed to making this a success. A broad outline of this change is included below:



*#Companies may look to partner with an external party to augment their existing capabilities in managing change, communicating change, and business case development.*

## Implementation of these elements of success:

Organizations may not feel the need to implement all the above mentioned elements together. Depending on the maturity of the organization and its need to reengineer performance management and development, they may choose to implement either one or two of the elements of success. Case studies on how these elements might be implemented are included below.

Case Studies on effectively creating a learning and development ecosystem:

### ***Case scenario 1: Manager coaching on performance conversations and IDP implementation at a young data-analytics company***

A young company with a fairly immature performance management system wanted to ensure that its people development is in line with the company's growth plans. Based on initial investigation of their performance management system and processes, the **Great Performance Conversation (GPC) program** was recommended for the company's managers. This program refocuses performance dialogues on goal setting, progress, growth, and development. Further, this masterclass enables managers to deal with negative emotions, conduct difficult conversations and provide effective feedback, in turn becoming more effective people leaders.

Each GPC masterclass was followed by an **IDP session** in smaller cohorts. These IDPs were collected and sent back with facilitator's comments for improving the quality of development planning. After successful completion of their IDPs, participants underwent a certification test and those who cleared it were **certified as IDP champions**. A clear objective and measure of success of this initiative was that managers should become more capable of writing good IDPs for themselves and their direct reports.

### ***Case scenario 2: IDP Guides to support implementation of the 70:20:10 model at an Indian captive unit***

At an Indian captive of a large international bank, there was immense focus on development of tenured employees on leadership skills to move to people leader roles. They partnered with InspireOne to create a People Leadership Development guide, with the objective of helping people leaders at all levels identify ways to enhance current performance and build capabilities on key leadership behaviors. The guide helped employees create robust development plans based on 70:20:10 principle of learning, and helped build a culture of development in the organization.

### ***Case 3: IDP guide creation and training of change champions at a large Indian manufacturing company***

A large manufacturing company identified few critical roles in their sales and manufacturing division and wanted to provide adequate developmental support to its incumbents. An HR committee was formed, which partnered with InspireOne to create role-specific IDP guides. The objective of these guides was to enable role holders to easily pick 70:20:10 references relevant, complete their IDPs within a stipulated time period and upload the same on the learning management system. Further, Train the Trainer (TTT) sessions were recommended and conducted for the this HR committee's members to create IDP champions (change champions) in the system. These champions were given aids and enabled to further train 200 participants/managers on IDP creation, discussions, and reviews.

## Conclusion

Workforce is younger and more diverse and competition is fiercer. Amidst all the volatility, employers realize that traditional training is just not enough. As the pressure on organizations to develop employees intensifies, a big shift in organization culture to improve learning and development is underway. According to IBM research, CHROs are critical of their ability to develop skills and productivity fast enough. To help with this challenge, this report provides three key elements using 70:20:10 model for IDPs and creating IDP guides, making performance conversation and development an on-going process, and handling this shift as a change initiative that organizations can use to accelerate performance through continuous learning and development.

## References:

1Reengineering Performance Management, NeuroLeadership Institute, Dr. David Rock, Beth Jones, Camille Inge, November 2015

2Building a High-Performance Culture: Seven Performance Management Practices That Work, Bersin & Associates / Leighanne Levensaler, August 2009

3Development-Driven Performance Management. Bersin & Associates, Stacia Sherman Garr, September 2010, <http://www.dresserassociates.com/pdf/whitepapers/Development-Driven-Performance-Management.pdf>

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## About InspireOne

We are a leading consulting firm offering organizational and leadership development solutions.

With nearly two decades of experience in the consulting domain, we help organizations convert their people and organizational capabilities into corporate value. We want to see businesses prosper.

We believe that the road to unparalleled success is when organizations are able to convert their most valuable asset- their human capital- to organizational capability. That is why InspireOne has united with a single purpose- of being the preferred partner in helping organizations and leaders grow by unleashing the optimal power and potential of their people.



## Our Partners

Our partners are leaders in their respective areas of expertise with years of researched know-how and worldwide experience. Together, we catalyze and improve business performance by developing your most valuable talent- your people.

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