



*Performance Management as a Change Strategy –
A Competency-Based Approach*

THE CUSTOMER

American National Can Company, a \$5 billion manufacturing company with twelve thousand employees.

THE SITUATION

The president of a \$1.5 billion division wanted to improve the competence of his management team and improve business performance in a very competitive environment. He and the division vice president of human resources believed that the organization had to become more disciplined in the way in which managers set objectives, gave feedback, coached employees and rewarded them. An organization-wide attitude survey strongly supported their beliefs.

Concurrently, the corporate senior vice president of human resources implemented a new compensation program that shifts a portion of individual merit pay into a team-based system. Broadbanding of salary grades will be implemented next year. This new compensation program places added importance on managers' competencies to accurately assess and manage performance.

THE PROBLEM

With less money available for merit pay increases, it becomes even more important to have a sound performance management system that includes creative and positive rewards and reinforcements. Assessments of performance, competencies, development needs and potential must also integrate with other HR systems, i.e. succession planning, training and selection systems. The corporate HR group could provide guidance, but could not dictate any one approach to the divisions. Therefore, the corporate HR VP co-sponsored the division project as a model/pilot for the other divisions to consider.

At the division level, a plan was formulated by the division HR staff and the president to implement "performance management" with new appraisal forms and timetables for review discussions, salary decisions, etc.

THE SOLUTION

After meeting with all concerned parties, a plan was developed and approved.

A two-day workshop was developed and piloted for a cross section of HR staff and line managers. Revisions were made and a second session was scheduled for the senior management team. This second "pilot" quickly became a planning meeting during which the team discussed, debated and agreed on a division approach to performance management, including a thorough review of the managers' workshop. The outcome of this meeting was ownership and commitment by the team. (A one-day skill building workshop was later conducted for the senior management team.)

The two-day workshop, as outlined below, was conducted for 160 managers.

- Unit 1** Overview of the Company's Performance Management Process
- Unit 2** Developing Job Goals
- Unit 3** Leader as Coach
- Unit 4** The Job Goals and Competencies Setting Meeting
- Unit 5** The Progress Review Meeting
- Unit 6** The Performance Review Meeting
- Unit 7** The Career Development Meeting
- Unit 8** The Pay for Performance Meeting
- Unit 9** Applications
- Unit 10** Appendix: Communications Skills

Key Features of the Workshop

- Instrumented feedback from subordinates regarding manager's coaching skills.
- Skill practice sessions videotaped and reviewed.
- Participant-prepared videotaped models of skills.
- Goal-setting for the improvement of competencies, in addition to normal job goals.
- Introduction of the concept of "career streams" for career planning.

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PROJECT PROFILE

Performance Management as a Change Strategy – A Competency-Based Approach ... continued

OTHER FEATURES OF THE PROCESS

Quality Audits

A method to ensure that the training would be reinforced was implemented, including providing plant human resource managers with the skills to coach managers who attended the training. In other words, a quality assurance step was built into the process.

Competency Models

Competency models of 14 key positions in all functional areas (including the executive level) were developed in order to maintain a focus on the development of the competencies that are, and will be, key to the success of the organization.

Resource Guide for Developing Competencies

A comprehensive 120-page resource guide was developed as a reference manual for all employees. The guide outlines methods for identifying and setting competency goals that are tied to business goals, plus specific recommendations for developing each of 30 competencies determined to be important to the organization.

Additional Training

Additional training to improve managers' skills at setting competency goals, reviewing performance against those goals, developing subordinate's competencies and conducting career planning meetings was developed and conducted.

A videotape featuring role modeling of the desired coaching competencies was produced and shown during the workshop.

CORPORATE STAFF APPLICATION

The corporate staff built upon the success of the division effort and implemented a similar process for the corporate functions. Job competency models were developed for most positions, a Resource Guide was modified and a training program was developed.

The training program utilized 360° feedback and focused on helping managers and coaches improve eight key competencies related to effective performance management:

- Establishing Focus and Goals
- Gathering and Analyzing Information
- Coaching for Performance
- Providing Motivating Support
- Developing Others
- Managing Change
- Empowering Others
- Interpersonal Awareness

