



# **Building a High-Performance Culture**

*Seven Performance Management  
Practices That Work*

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## Introduction


### KEY POINT

“Creating a high-performance culture” is cited as the number one talent challenge for organizations today.<sup>1</sup>

In today’s economic climate, organizations are facing aggressive growth targets and renewed pressure to do more with less. In response, many companies have recently put in place focused initiatives to become a “high-performance” company — one that consistently produces desired business results and outperforms the competition no matter the business climate.

How does a company “create” a high-performing culture? A critical ingredient is a systematic and integrated approach to managing individual and team performance across the organization. In other words, it demands that a company adopt a modern employee performance management system to drive organizational performance and results.

Employee performance management is an integrated set of management practices used to:

- Establish measurable goals and objectives for employees;
- Assess achievement and attainment of such objectives; and then,
- Use this information to improve performance through coaching, compensation, development and other means. 

A recent Bersin & Associates report on *High-Impact Talent Management*<sup>2</sup> found seven performance management practices that are commonly used by high-performing companies. This report identifies these practices,

<sup>1</sup> For more information, *2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management*, Bersin & Associates / Karen O’Leonard, July 2009. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or [www.bersin.com/tmfactbook](http://www.bersin.com/tmfactbook).

<sup>2</sup> For more information, please read the following two reports: (1) *The Essential Guide to Performance Management Practices, Part 1*, Bersin & Associates / Leighanne Levensaler, October 2008; and, (2) *The Essential Guide to Employee Performance Management Systems, Part 2*, Bersin & Associates / Leighanne Levensaler, October 2008. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/perfmgt](http://www.bersin.com/perfmgt).

provides a brief overview of the approach of these leading organizations and offers implementation guidance to help practitioners implement these practices to drive results.

**Figure 1: Characteristics of a High-Performance Culture**

Promotes decisiveness and a sense of urgency.
Focuses on maintaining competitive edge.
Assigns direct accountability for results.
Fosters trust through open and honest communication.
Empowers people to achieve goals.
Creates opportunities for team-based work.
Encourages stretch goals.
Clarifies commitments and expectations.
Continuously raises the bar on performance standards.
Enables educated risk-taking.
Differentiates rewards based on performance.
Focuses on people's strengths and capabilities.

Source: Bersin & Associates, 2009.

# The Current State of Employee Performance Management

Before describing a “modern” system and its high-impact performance management practices, it is important to understand the current state of performance management in most organizations.

Performance management tools, such as goal setting and appraisals, have been around for decades and are widely adopted. Human resources practitioners implement these tools to help the organization equitably distribute compensation, rewards, promotions and other benefits to the highest-performing individuals.

Unfortunately, research shows that the tools used to support a once or twice a year report card “event” are ineffective in driving a high-performance culture in today’s complex business environment<sup>3</sup>. They do not account for the constantly changing goals based on evolving business strategies. The tools generally provide little structure or support to have managers focus on the behaviors, or on how an employee is (*or is not*) achieving the expected results. Further, the design of the “cycle” often puts the focus on reactive development for performance gaps versus proactive performance and development planning to achieve goals following the goal-setting efforts. Similarly, even organizations that include competency assessments as part of the appraisal process tend to focus on weaknesses – not the strengths or value an employee can offer to the organization. Most importantly, in terms of execution, research<sup>4</sup> shows that managers do not feel equipped to provide coaching and feedback, or to identify targeted learning and development (L&D) experiences for employees. These design elements and practices are absolutely critical to supporting a high-performance culture.

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<sup>3</sup> For more information, *The Essential Guide to Performance Management Practices, Part 1*, Bersin & Associates / Leighanne Levensaler, October 2008.

<sup>4</sup> Ibid.

# Modern Employee Performance Management


High-performance organizations design their performance management systems to support a culture of accountability, and to align business strategy and operations across the enterprise. These organizations pay particular attention to ensuring the building blocks of employee performance management (e.g., goal-setting, performance development planning, coaching and evaluation) are well-executed and create the optimal conditions in which people can excel. With this solid foundation, high-performance organizations are equipped to address the broader talent issues of career and succession management, engagement, and retention.

## Enterprisewide Performance Management

It takes a tremendous investment in change management, communications and training to implement an enterprisewide performance management system; however, it does pay off. Organizations with such systems have experienced less downsizing, have lower turnover among high performers, and have nearly twice the revenue per employee as organizations with no formal or consistent performance management practices. In addition, organizations with consistent processes rate themselves higher on every talent management effectiveness category<sup>5</sup>. ∞

<sup>5</sup> For more information, *2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management*, Bersin & Associates / Karen O'Leonard, July 2009.

## Employee Performance Management: The Linchpin Process of Talent Management

Performance management is moving from a standalone business process to the core of an organization's talent management strategy. Through a more integrated approach, high-performance organizations now have better information on the health of the talent pipeline<sup>6</sup>. They are also beginning to systematically uncover talent at all levels of the organizations, rather than only within the top ranks of leadership. Performance is often referred to as the "core talent management process" – because it creates the "currency" or information used to align, assess, develop and motivate talent. 


<sup>6</sup> "Talent pipeline" refers to an organization's ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets.

# The Seven High-Impact Performance Management Practices

Employee performance management systems establish the way in which people are managed. As such, the detailed design of the practices should take into account operational and geographic factors, such as regulatory requirements, type of worker, culture and industry. There are, however, seven specific practices found in all high-performance companies regardless of size, industry or geographic presence. They are:

1. Supporting formal coaching programs for managers;
2. Aligning goals to manager, organization and corporate goals;
3. Creating consistent development plans for all employees in the organization;
4. Establishing clear and measurable goals for all employees in the organization;
5. Continuously assessing employees against performance goals;
6. Designing fair, but tailored, pay-for-performance programs; and,
7. Using competencies to communicate “how” performance results are achieved.

## Does Your Performance Management System Support a High Performance Culture?

- Is there accountability for the right results, in which everyone is working on what's important, getting it done and playing by the rules?
- Do people perceive that we provide the right mix of rewards, which reinforce great work, in the form of monetary incentives and non-monetary recognition?
- Is trust earned one person at a time, in which people we depend on feel valued and confident, ready to give their best?
- Do we provide opportunity for impact and growth, for which there is skill-building in every assignment and job, guided by business needs? 

## 1. Supporting Formal Coaching Programs for Managers

### KEY POINT

Thirty-eight percent of managers do not feel they have the training and skills needed to be effective in their roles supporting employee performance management.

Coaching not only improves the performance of employees, but it also increases the effectiveness of the managers. Coaching goes beyond the traditional role of manager or supervisor – and requires special focus, skills and experience. Coaching must be customized to the individual's skills, role and fit within the organization. Most organizations report that their managers receive minimal training and support on how to coach, motivate and develop employees. An increasing number of organizations now recognize that the manager is the pivotal role to building a high-performance culture. In doing so, they provide formalized coaching and development programs to help managers provide constructive feedback, identify development needs, and motivate and develop employees to reach their potential. These formalized coaching programs have the potential to strongly influence employee development and productivity. Adopters of these programs cite performance improvement for the employee and the manager / coach.

As modern performance management practices evolve to integrate more fully with career and talent planning, managers are relied on to support even more sophisticated talent practices, such as high-potential<sup>7</sup> identification and readiness. Organizations must spend more time on coaching and developing managers to be confident and effective in their roles. Research shows that investment in such a practice can have a large payoff<sup>8</sup>.

## Formal Coaching Models


To support a coaching and development model, many companies will standardize on a coaching model for front-line managers and above. By standardizing on a coaching model, you are able to better support the desired organizational culture. There are many coaching models out there and many consultancies to help train your organization on the best model. Some of the best known models include: GROW, CIGAR, OSCAR, 7 – Cs of Coaching, GAP and L=P+Q. Regardless of which model your organization implements, the associated training program will most likely involve design elements, such as role playing, facilitated coaching and mentoring.

High-performance organizations typically implement a formal coaching model as part of a broader management and leadership development program. Managers are taught skills that help them to become more effective and satisfied in their people-manager roles, such as setting expectations and establishing measures of excellence, including:

<sup>7</sup> A “high-potential employee” is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions within the company. Often, these employees are provided with focused development as part of a succession plan and are referred to as “HiPos.”

<sup>8</sup> For more information, *2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management*, Bersin & Associates / Karen O’Leonard, July 2009.

*Formal Coaching Models (cont'd)*

- Getting to know employees better to understand their needs, strengths, weaknesses, career aspirations, et al;
- Motivating employees;
- Resolving problems;
- Giving constructive feedback;
- Counseling consistently low performers;
- Providing recognition;
- Differentiating between high and low performers;
- Creating opportunities for growth within a job and within the organization; and,
- Identifying high-potential employees. 

## 2. Aligning Goals to Manager, Organization or Corporate Goals



### KEY POINT

Forty percent of organizations use cascading goals on an enterprisewide basis<sup>9</sup>.

Cascading goals is the practice of ensuring that individual employee performance targets are linked to strategic business goals and performance measures. This goal-setting practice is put in place by high-performance organizations to ensure alignment of strategic initiatives across the organization. It is impossible to put this practice in place without a clear and well-understood business strategy and operational plan. With this practice in place, the organization has visibility into all of the work associated with specific goals, and can more effectively prioritize and allocate resources. The benefits to employees are also numerous. Simply knowing which practices are important to the organization changes an employee's behavior. This practice provides

<sup>9</sup> For more information, *The Essential Guide to Performance Management Practices, Part 1*, Bersin & Associates / Leighanne Levensaler, October 2008.

a clear path for how the employees can specifically add value to the business. High-performance organizations also realize increases in employee engagement. Naturally, employees who understand how their individual goals relate to those of the company are more engaged with the business. Most importantly, cascading goals create a corporate culture of accountability and shared responsibility.

## An Example of a Goal Alignment Process

- The organization defines its strategic business plan by identifying three to five business imperatives. (*This might be in the context of The Balanced Scorecard™<sup>10</sup>, and other strategic planning and measurement approaches.*)
- These "imperatives" are communicated as goals and measures for each of the operating plans.
- Each operating unit / function develops goals and measures that link or directly flow from the higher strategic imperative / goals and which support the measures.
- Each supervisor / people manager works with his / her subordinates during the performance planning period to identify and align their individual goals to the higher-level goals.

**Please Note:** This is rarely automatic (e.g., "I have the same goals as my manager"). Rather, the goals are typically translated – and that may be in the form of S.M.A.R.T.<sup>11</sup> goals or of job accountabilities, depending upon the level and worker type in the organization.

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<sup>10</sup> The "Balanced Scorecard" is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic nonfinancial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance.

<sup>11</sup> "S.M.A.R.T." stands for specific, measurable, achievable, relevant and time-bound.

## Critical Elements of Success

- People managers must have a firm understanding of the strategic and operating plans, and be able to articulate the goals, objectives, measures and strategies to their employees.
- Employees should have action plans / development plans to help them achieve their goals (*and to address shortfalls, when needed*).
- Setting goals once or twice a year to align with the business strategy often creates misalignment if the business strategy changes some other time during the year. To ensure continuous alignment and drive a high-performance culture, organizations must adapt to real-time performance management and talent development. This practice allows them to align goals in real-time to changes in the business strategies and, subsequently, align development and compensation plans to be consistent with the new goals.
- Managers must provide continuous coaching and feedback throughout the performance period.
- Goal progress and achievements should be closely monitored and reported.

### A Technology Solution to Support Alignment

Cascading goals can be labor intensive without an automated technology solution. Implementing a technology solution is one of the highest-impact changes an organization can make by modernizing its performance management system. It is not a panacea for poorly designed or immature practices – nor is it a replacement for high-impact practices, such as coaching and development. However, a performance management technology solution does provide many process efficiencies and offers transparency across many employees. 

### 3. Creating Consistent Development Plans for All Employees in the Organization



#### KEY POINT

Employees who are working on improving their skills and capabilities are more productive and less likely to leave the company.



#### KEY POINT

Only one-half of companies today make widespread use of employee development plans. Even within these companies, most claim that their development plans are of “poor quality” and ineffective.<sup>13</sup>

There are many types of development plans used in organizations today – performance plans, career development plans, learning plans and leadership plans. Organizations with high-performance cultures support an integrated approach to development planning that reflects the employee’s goals and career interests (and potential), and the organization’s business and talent needs. Development plans are a vital means for employees to meet their goals and to achieve their career aspirations. In fact, development planning is perhaps the most strategic practice of a modern performance management system because it forces the employee, manager and organization to align priorities. Research<sup>12</sup> found that development plans have a significant impact on retention and employee productivity. Companies in which most employees have high-quality development plans have 27 percent lower turnover than companies in which few or no employees have development plans. In addition, companies with high-quality development plans have twice the revenue per employee.

Development plans should be consistently adopted throughout the organization. However, having development plans is not enough – these plans must also be high-quality and effective, incorporating activities that will help employees to develop the skills needed to meet both individual and corporate goals. Most importantly, to support a high-performance culture, the plans should focus on the strengths of each individual to, “... discover what is unique about each person and then capitalize on it.”

<sup>12</sup> For more information, *2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management*, Bersin & Associates / Karen O’Leonard, July 2009.

<sup>13</sup> Ibid.

**KEY POINT**

Social / informal learning activities that enable experiential development through access to coaches, mentors and experts should be a critical part of development plans.

## Development Planning Guidance: Lessons from High-Performance Organizations


- First, in creating the plans, the employee and manager must both be engaged in order to align individual needs against the organization's needs. Employees cannot really create high-value development plans alone. Likewise, managers cannot dictate development plans without input and feedback from the employee. This requires the development of a "feedback culture" – which builds a dialogue of candor and transparency. Ideally, multiple people throughout the organization are involved in creating development plans – including managers, executives, peers and co-workers. While individuals and their managers can usually work on "what skills are needed to improve," ultimately the process depends on alignment with the internal and external needs of the organization. In order to improve the development planning process, organizations should build a talent calibration<sup>14</sup> and talent review<sup>15</sup> process, which allows many managers and executives to discuss the development needs of their teams.
- Second, the types of development activities prescribed will depend upon the individual and the goals. Organizations should offer a broad set of development activities, since people learn through many types of formal and informal training. Development activities may include classroom and online training, coaching, mentoring, job rotations, cross-functional assignments, and degree programs. The choice will depend on the individual and the job role.

<sup>14</sup> "Talent calibration" meetings bring together managers (who are peers) to finalize ratings of all salaried employees within their groups. During these meetings, employees' individual results are comprehensively calibrated against their peer group (e.g., performance relative to objectives, critical capabilities, potential) and plans for targeted development may be defined.

<sup>15</sup> A "talent review" is a meeting in which business leaders discuss talent information, often as part of an overall succession management process; agree who the high-potential talent is; facilitate a collective understanding of the bench strength; and, create essential development plans.

*Development Planning Guidance (cont'd)***KEY POINT**

Static, once-a-year development plans can become ineffective really fast. If the business strategy changes, so do the goals and the competencies required to achieve these goals. To build the new competencies, employee development plans need to evolve in alignment with business strategy and goals.

- Third, once development plans have been established, they should be reviewed periodically, ideally on a monthly or quarterly basis. Plans may change based on business conditions and the individual's progress. When development plans are only done once or twice per year, they are likely to be out of date and often just "thrown in the drawer" until the next review cycle. More frequent review helps the employee and manager stay aligned, and allows the plan to be modified if necessary.
- Finally, the process for creating and reviewing development plans should be consistent throughout the organization. If you have no process currently, start with one division or region as a pilot, and roll out the process from there. It will take several iterations to improve the process, but in the end, it is well worth it. 

## 4. Establishing Clear and Measurable Goals for All Employees in the Organization

**KEY POINT**

High-performance cultures specifically encourage stretch goals with aggressive targets and continuously raise the bar on performance expectation.

Goal-setting is an essential practice in any performance management system. Managers meet with their employees to establish performance goals and to set expectations for a performance period. Employees generally work with their managers to ensure the right performance measures (e.g., goals, competencies and job accountabilities). These measures may relate to revenue targets, production targets and other key performance indicators from the organization's business plan – and they are most effectively communicated as S.M.A.R.T. goals. Some goals might be specific to an individual (developmental in nature), while others are aligned to a specific corporate goal through the goal alignment or cascading goal process. Supporting this two-pronged approach recognizes individual needs, while ensuring alignment and accountability with organizational objectives. High-performance cultures specifically encourage stretch goals with aggressive targets and continuously raise the bar on performance expectations. They prioritize goals based on their impact and the degree of difficulty in achievement. High-performance cultures also have clear ground rules for making midcourse corrections to performance goals as the business plan demands.

## 5. Continuously Assessing Employees against Performance Goals

As previously stated, the once or twice a year annual “report card” event adopted by most organizations today does very little to foster a high-performance culture. During recent research interviews<sup>16</sup> on the topic, line managers complained that there is too much focus on the performance review event and that the process was little more than an administrative exercise. They added that the quality of information produced in the review (e.g., a rating) did not help to identify the most appropriate opportunities for development actions for their employees. Some managers shared that employee performance management can take on a punitive or disciplinary theme in their organizations – with much of the focus on gaps and not on employee strengths. It is no wonder then that there is widespread dissatisfaction with performance reviews. Despite these criticisms, performance reviews are extremely important and the process can be effective. The conversations that transpire and the information collected from reviews are used throughout the other talent processes (such as identifying high potentials for leadership development and determining likely successors). Reviews are also vital to employee development, providing necessary feedback on strengths and areas for improvement to help employees progress in their careers (or find new ones). High-performance cultures do not limit these conversations and reviews to once or twice a year. They engage in performance discussions with employees frequently to assess progress against goals, as well as to provide continuous feedback and coaching. Frequent performance discussions enable managers to most effectively allocate resources or remove any obstacles that could derail progress.

## 6. Designing Fair, But Tailored, Pay-for-Performance Programs


In this turbulent economy, pay-for-performance practices not only support equitable compensation and important cost control processes, but they are also a key talent management strategy for companies trying to improve organizational performance and retain high performers.

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<sup>16</sup> For more information, *The Essential Guide to Performance Management Practices, Part 1*, Bersin & Associates / Leighanne Levensaler, October 2008.

High-performance organizations implement these practices to ensure that they are rewarding the right behaviors to motivate performance and drive the company's business strategy. Effective pay-for-performance programs are tailored to address the unique needs of all workforce segments and demand extensive performance support for managers.

Forty-five percent of HR practitioners cite the manager's inability to differentiate between high and low performers as a top barrier to effective employee performance management.

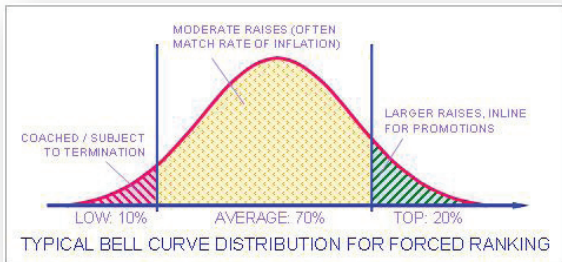
A lack of differentiation results in what is referred to as the "peanut-butter" approach to compensation allocations – in which rewards are spread thin for all employees. High-performance organizations address this issue by implementing formal training and coaching programs for managers. 

## Guidance for Implementation

Once managers have determined the performance ratings for employees in their respective groups, they should participate in a performance calibration session with peer managers. This approach is used to ensure rater reliability, avoid grade inflation across the organization and reduce promotions that may be based on factors other than performance. High-performance organizations typically use ratings distributions (either forced or "recommended") to allocate pay decisions based on the placement of the employee in the ranking schema. "Top" or strong performers are typically given higher merit increases, and may be presented with greater challenges and development opportunities. "Borderline" or "bottom" performers might be given performance improvement plans or transition / exit strategies. In some cases, organizations may consider an employee's potential and leadership ability to decide on the placement within the distribution guidelines.

**Figure 2:** Example of Popular Ratings Systems to Support Pay-for-Performance Programs

**Forced Distribution**



- A (Top or Superstars)
- B (Vital Core)
- C (Weakest Links or Bottom)

- Top 10%
- Strong 15%
- Highly Value 50%
- Borderline 15%
- Least Effective 10%

20% / 20% / 20% / 20% / 20%

**Stack Ranking / Totem Pole**

1. Joanna Duggar
2. Tim Kugley
3. Pat Larson
4. Matt Fineman
5. Josie Britton
6. Tony DeMarzo
7. Maggie Stillwell
8. George Kulis

**Quartiles**

<b>Third 25%</b>	<b>Top 25%</b>
1	1
2	2
3...	3...
<b>Bottom 25%</b>	<b>Second 25%</b>
1	1
2	2
3...	3...

Source: Bersin & Associates, 2009.


Proponents of ratings distribution say that it is an essential practice to create and sustain a high-performance culture and equitably distributing pay. They believe an organization must have meaningful differentiation among employees to identify top talent, give promotions, award merit increases or make downsizing decisions. Critics claim that these systems create a competitive culture that encourages cutthroat behavior, limits risk-taking and teamwork, and discourages employees from asking for help out of fear that they will be identified as low performers. The bottom line is that ratings distributions systems play an important role in pay-for-performance programs, but have potential advantages, as well as disadvantages. The design and formality of practices should be consistent with an organization’s unique business context and readiness.



**KEY POINT**

Improperly designed and implemented ranking related to pay for performance systems can have very negative effects on employee morale and can potentially cause legal troubles. Take the time to analyze your organization's "readiness" to implement these practices.

## Ranking Employees to Allocate Rewards: Implementation Guidance

- Ensure clear and fair performance criteria for differentiation.
- Evaluate based on behaviorally anchored criteria.
- Communicate the connection to business goals.
- Ensure that the program is endorsed and supported by company leaders.
- Coaching and train managers on how to execute the practice.
- Conduct performance calibration roundtables.
- Standardize the ranking groups by organizational units that have common traits.
- Apply distribution to larger groups (more than 25).
- Apply distribution requirements evenly at all levels within the organization.
- Include the entire workforce, including the top of the house.
- Do not mandate 100 percent conformity the first year; allow for some flexibility.
- Ensure that your approach in no way discriminates against any groups.
- Develop and execute a comprehensive change management strategy.
- Leverage an automated performance management technology solution to support decision-making and planning. 

## 7. Using Competencies to Communicate “How” Performance Results Are Achieved

Competencies give managers a common “currency” to easily, consistently and fairly assess performance. They are typically expressed as behavioral characteristics or value-based statements. High-performance companies incorporate competencies into the performance planning and review process to evaluate “how” performance results are achieved. Many of these organizations will assign a weight to the “how” ratings as a certain percentage of the overall performance score. Others have two performance ratings – one for the “what” and one for the “how.”

### Case in Point: Using Values-Based Competencies to Assess Performance

To drive the desired changes required to achieve its growth goals, the company looks at both job-duty performance and alignment with corporate values in the performance evaluation process. Values are called “key factors of effectiveness” to contrast them with “job description / core duties.” Overall, value alignment is given a 60 percent weighting in the total performance rating, while core job-duty performance accounts for a 40 percent weighting. In addition to identifying talent within the organization, this approach also helps the company identify which employees are not in line with the company’s core values. The belief is that poor values scores are a better indicator of which individuals have “negative” attitudes that will adversely impact their effectiveness and, ultimately, the company. Unfortunately, the evaluation process sometimes reveals a high performer with low values scores. One CEO admitted that it has been difficult to let go of “... *high performers with poor values.*” Through a process of both natural attrition and dismissals, the company is able to free itself of employees deemed unhelpful in moving the company forward. ∞

In addition to values-based competencies, high-performance companies include job functional competencies<sup>17</sup> to the performance planning and review process. Job functional competencies are typically assessed for development planning purposes. In addition, they are often used to define job responsibilities or accountabilities when goals cannot be cascaded down to a certain level or role within the organization.

**Figure 3: The Use of Competencies in Performance and Development Plans**

<b>Performance Plan</b>		
<b>Plan components</b>	<b>Rating scale</b>	<b>% of overall rating</b>
<b>Performance Goals – “What”</b> SMART Goals	<ul style="list-style-type: none"> <li>•Below Expectations</li> <li>•Met Expectations</li> <li>•Exceeded Expectations</li> </ul>	70%
<b>Competencies – “How”</b> Core (all) Management competencies Leadership competencies	<ul style="list-style-type: none"> <li>•Demonstrates</li> <li>•Developing</li> <li>•Does not demonstrate</li> </ul>	20%
<b>Development Plan (IDP)</b>		
<b>Plan components</b>	<b>Rating scale</b>	<b>% of overall rating</b>
<b>Competency Gaps</b> <b>Functional Competencies for Career Development</b> <b>Management / Leadership Competencies for Career Development</b> <b>Personal Goals</b>	<ul style="list-style-type: none"> <li>•Baseline</li> <li>•Progressing</li> <li>•Proficient</li> <li>•Experienced</li> <li>•Master</li> </ul>	10%

Source: Bersin & Associates, 2009.


<sup>17</sup> “Functional competencies” are job-specific competencies that drive proven high-performance, quality results for a given position. They are often technical or operational in nature (e.g. “backing up an Oracle database” is a functional competency).

Competencies are not just important in the performance management process – they are important to the other talent processes, as well, from recruiting to leadership development to succession management. Research found that, among companies using competencies in their performance management processes, two-thirds of organizations are leveraging the same competencies in their recruiting and leadership development initiatives, and approximately 60 percent are reusing competencies in their L&D and succession planning efforts.

### More Sustainable Competency Management Practices

An integrated talent management technology solution enables more efficient and sustainable competency management practices. Modern solutions will offer features to engage users to manage change and allow for flexibility in the design of competency models. They provide tools to employees and managers to update the knowledge, skills, abilities and behaviors needed to:


- Do a job or a particular role;
- Be on a team; or,
- Take on a project assignment.

This can be done without HR's assistance or with only minimal quality assurance assistance as desired – thereby unlocking the practice of competency management by democratizing content management. 

## Conclusion

By implementing and continuously refining the seven high-impact practices presented in this report, high-performance companies provide their organizations with a practical and integrated toolset for maximizing individual and organizational performance.

### How Does a Modern Performance Management System Support a High-Performance Work Culture?

- By linking individual employee work efforts with the organization's mission and objectives, the employee and the organization understand how he / she contribute to the organization.
- By focusing attention on setting clear performance standards and expectations, the employee knows what needs to be done to be successful on the job and what it will take to receive a merit increase.
- By establishing stretch goals and continually raising the bar on performance standards, the organization promotes a culture of excellence and increases organizational performance.
- Through established review points and ongoing two-way dialog (*which includes status updates, coaching and feedback*), it promotes a culture of openness and trust, allowing the manager and employee to identify problems or obstacles early to mitigate risk and provide support.
- By defining critical competencies and career development goals, the organization makes it clear how employee development and advancement are supported. 

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## About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks*® research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

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## About This Research

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