

Case Study

Company

Unnamed

Industry

Paper Manufacturer

Location

North America

Employees

4,600

Becoming a High-Performing Organization Through Performance Management

Overview

Most companies aspire to be high performing. But what really is a high performing company? Every leader has their own theories but how many of those theories are put to the test? Too often performance management in an organization is simply a once per year task of form-filling and a meaningless discussion between manager and employee on what went wrong. Too few companies realize how critical performance management is to employee engagement and a high performing workforce. Engaged employees have clear performance standards aligned to the overall goals of the business. Their performance is reviewed regularly and collaboratively by their managers, and their reward systems are connected to achievement of performance goals in cohabitation with company values.

This case study describes how a newly formed company in the paper industry chose to pursue becoming high performing through the implementation of an innovative performance management process, focusing on both accomplishment of individual goals and exemplifying the company values. The case study reveals this company's approach to creating a high performing organization, the involvement of their senior leadership team, the process used for implementing the change and its impact on their emerging business.

Situation

The company, based in North America, has mill and distribution operations in four different Midwest locations. It is one of the largest producers of its product in the paper industry. The company was formed through a private equity buy-out, by carving out selected businesses from two larger paper companies.

During this stage of the company's life cycle, the challenges were significant yet not abnormal for this type of situation. They included:

1. Solidify the company's operational capabilities utilizing the full economies of scale provided by the combined businesses.
2. Begin turning repeatable profits in the business.
3. Improve the performance of its human resources to support the company's strategic goals

As the company matured, it needed to instill the proper amount of process to support the operation while not strangling its growth or profit margin improvement. Human resource processes were in the mix of consideration of processes that if installed and perfected, would support the company best at this time. Both the CEO and the President realized that its heavily laden capital structure would realize its best return on investment through high performing staff. At the heart of the issue was the lack of clear performance standards, a process for reviewing performance and appropriate ways to reward stellar performance.

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Solution

The CEO and the President worked with the senior leadership team, Human Resources and Organization Development to address this issue. They agreed that the performance management process should achieve the following objectives:

1. Be simple, consistent, and well understood while providing performance definitions, forms and an electronic system that are viewed as valuable.
2. Become an essential part of every manager's day-to-day responsibility rather than a once per year event.
3. Create an organizational culture where managers and employees will engage in clear, concise, candid and balanced communication and feedback.
4. Ultimately create a high performing organization.

With those objectives in mind, the group created a model for managing performance. The model was simple to understand yet able to handle the sophistication required in a multi-site company with manufacturing and office personnel. There were four components to the model:

1. Setting Performance Goals – the performance cycle begins with the employee and manager creating effective performance goals for the upcoming year. In partnership with the employee, the manager's focus is to create a few high priority goals, aligned to business strategies while clearly articulating high performance.
2. Coaching Performance – the performance cycle requires the manager to stay engaged with the employee throughout the year, offering encouragement, recognition, and course correction when needed. The coaching process is both formal and informal.
3. Review Performance – this stage requires evaluating, differentiating and conducting formal reviews with the employee. Usually it is done formally at the end of the year but also at certain intervals such as quarterly.
4. Developing Skills & Abilities – at the center of the process is determining the strengths and development areas of each employee and creating a development plan that supports the accomplishment of performance objectives.

Core to the new model was a change in the standards for performance. In the past, performance was based solely on accomplishment of work objectives where as the new model equally weighted the behaviors necessary for accomplishing the work objectives.

To support the new model, tools were created for setting performance goals, coaching and reviewing performance, and for aligning reward systems to successful performance. The model utilized a method for coaching staff through all stages of the performance cycle. Over time, these coaching conversations were intended to create robust one-to-one relationships that unleashed potential not thought to be achievable. These relationships were deemed critical to employee engagement and seen as a core element to job retention.

Two workshops were created to communicate the new expectations and provide skills for the new managing performance process. The first workshop, High Performing Organization for Managers, was designed as a two-day workshop for all people managers. The second workshop, High Performing Organization for Staff, was designed as a one-half day workshop for all staff.

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Results

During the first stage, all of the approximately 250 people managers attended the two-day High Performing Organization workshop for Managers. During the second stage, all of the approximately 900 non-union staff attended the one-half day High Performing Organization for Staff workshop.

Prior to the rollout, the senior leadership team attended a pilot workshop to experience first-hand its impact and ensure each member was clear on the intent and tactics of the new performance management process. Subsequently, during the rollout, each workshop was kicked off by a member of the senior leadership team.

During the pilot, the senior leadership team went through a normal progression of working through the changes on a personal level, trying to understand what it meant to them personally, then determining how each would advocate it to their respective functions. Being asked to accept a change and then lead others through it normally creates dilemmas. This group was no different.

It is too early to tell the full impact of the new process. However, the rollout has invigorated dialogue on what differentiates poor performance from exemplary performance, and why doing it according to accepted behaviors and values is important. The company now uses one standard process for setting objectives with appropriate levels of flexibility at the local level. The process for allocating rewards is perceived to be more tangible with the right calibration of performance across multiple functions and mill locations.

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