

Overview of Performance Management



Agenda for the Workshop

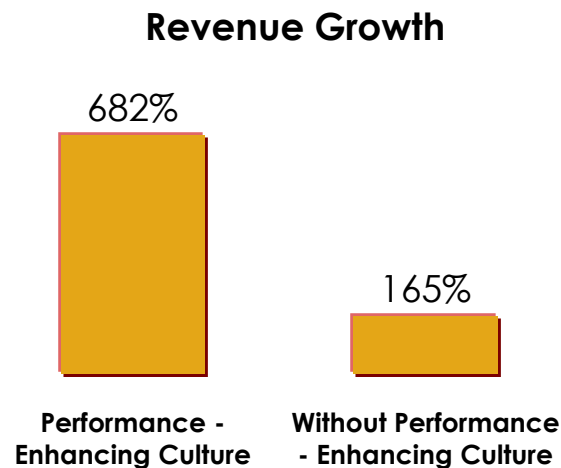


- Ingredients of High Impact Performance
 - High Performance Culture
 - World Class Performance Management
- ARVIND High Impact Performance Model
- 'High Impact Performance'
 - Framework
 - Objectives
 - Outcomes
 - Roles & Responsibilities
- Values & Leadership Behaviors

High Performance Culture



A 11-year study of companies with performance-enhancing cultures found performance to be a key driver of financial and operational success.



What happens in high-performance cultures?

- Efforts are aligned with business needs
- Goals stretch but don't strain
- Strengths are emphasized
- Feedback is goal based, frequent and accurate
- A focus is placed on not just 'what' gets achieved but 'how'
- Everyone understands how their performance will be measured
- Those who exceed their goals are rewarded in a way that reflects this accomplishment
- Managers are actively involved and view performance management as one of their most important responsibilities.

Source: Corporate Leadership Council: How Performance Management Impacts the Bottom Line, and Building The High-Performance Workforce

Best in class companies know that the goal of profitable growth and sustained performance cannot be fulfilled without a high performance culture.

What is World-Class Performance Management?

**World-Class
Performance
Management**



Process & Tools

- Align effort with strategy
- Monitor progress
- Give feedback
- Measure performance
- Align rewards and consequences

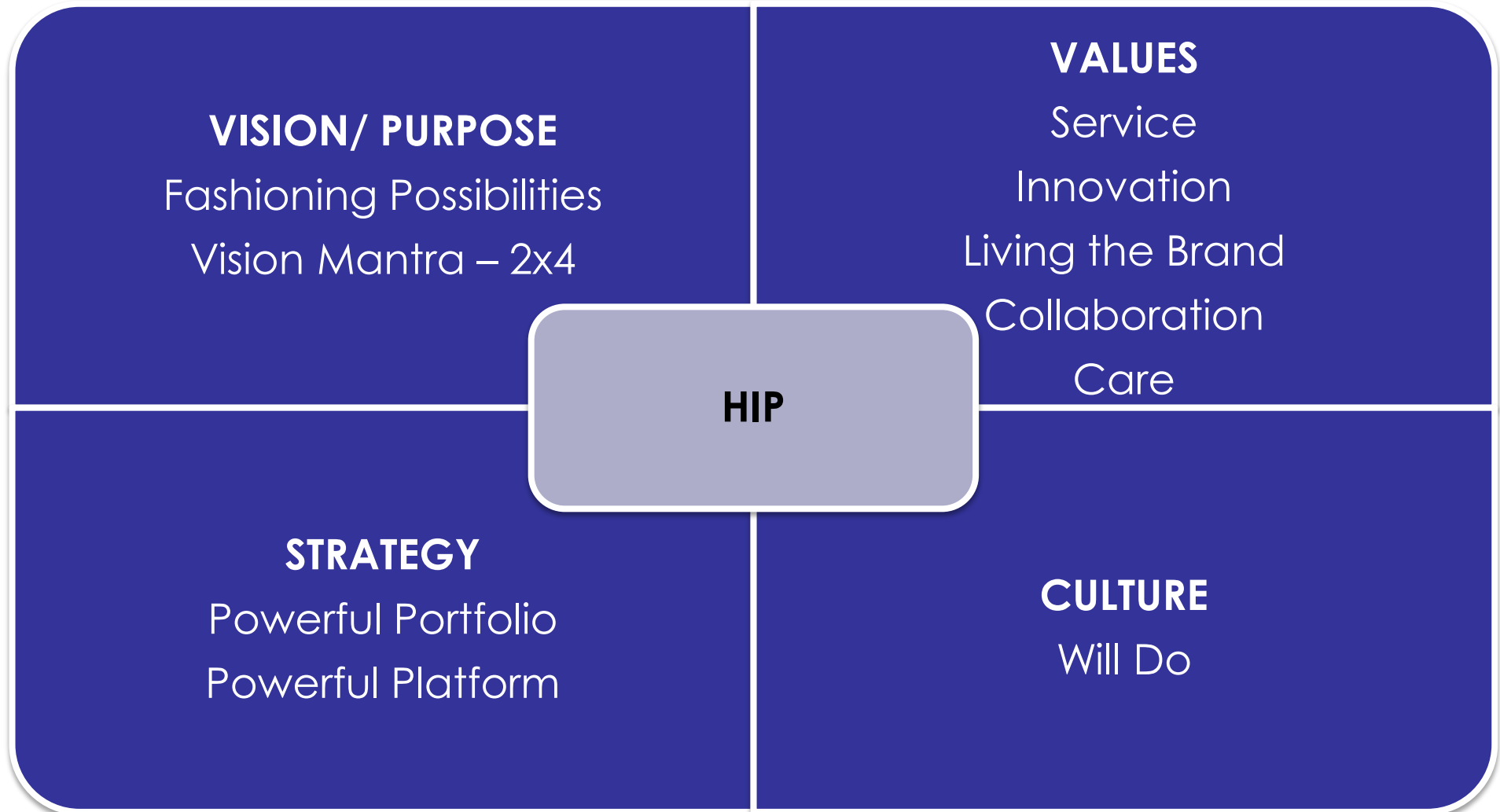
Leadership Behaviors



High-Performance Culture

Defining High Impact Performance @ Arvind

Arvind High Impact Performance Model



Cornerstones of High Impact Performance



Differentiation

Identify individuals at varied levels of performance

Reward people for their relative performance and contribution

Alignment

Agreed upon goals and objectives tied to business results that contribute to Arvind's success

Employees know what they are required to do and how it is linked to the Company objectives

Accountability

Personal accountability for performance, development, and results

Reassign the focus and responsibility of managing performance from 'Company' / 'Manager' to 'I'

Trust

An environment of trust and ongoing feedback & coaching between employees and managers

Employees seek and look forward to feedback from their Managers and Managers provide regular constructive feedback

The Two Dimensions of Performance – Results & Behaviors



*At Arvind, Performance is not only **'what'** we deliver but **'how'** we deliver it. Effective performance requires both of the above to be clearly defined and demonstrated*

Results ('What')

Performance objectives/ goals, as discussed and agreed with your Manager

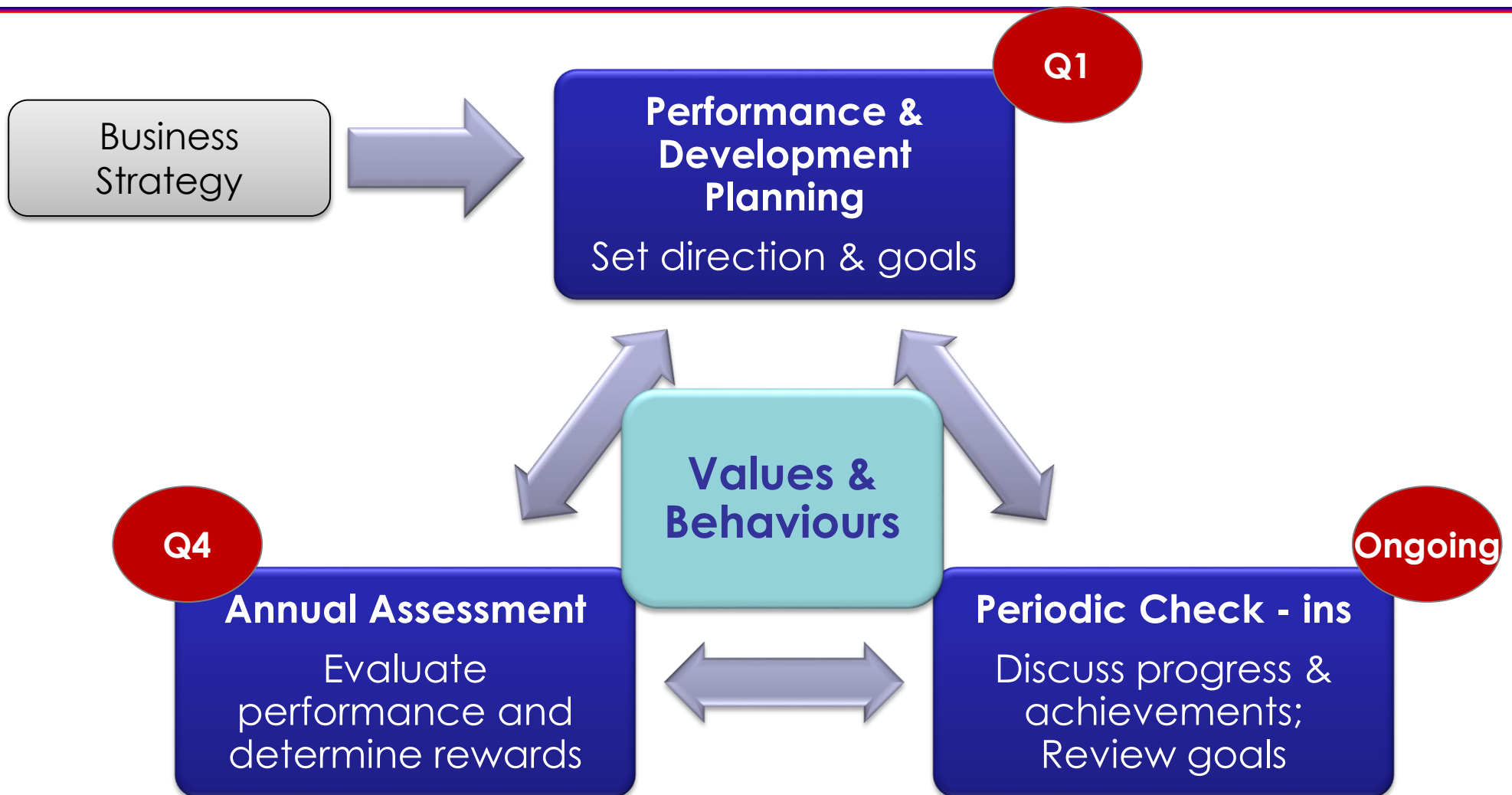
Behaviors ('How')

Demonstration of Arvind's values and leadership behaviors in achieving the results

PERFORMANCE

Performance Management Framework

Performance Management Framework



Essentials of the Performance Management Framework



Performance Period

- April to March

Eligibility

- This process is applicable only for on – roll Corporate employees (excludes Store Staff)
- Performance & Development Planning: All active employees.
- Periodic Check – in: All employees who have completed atleast 90 days in the Company/ role.
- Annual Assessment: All employees who have joined the Company on or before 31st December.

Timelines

- Performance & Development Planning: April – May. Employees who join in the middle of the performance year are required to complete their objectives/ goals within 1 month of joining.
- Periodic Check – ins: Monthly/ Quarterly. ***Atleast 1 periodic/ mid – year check is mandated between the employee and the manager between setting objectives and year – end assessment.***
- Annual Assessment: March

Objectives of each stage



Performance & Development Planning

- Set direction, expectations, and focus for the year.
- Establish SMART and balanced performance expectations (objectives/ goals) at the beginning of the performance period, linked to the organizational/ business/ functional strategy.
- Plan and define the development required by the employee to enable successful delivery of individual and larger organizational objectives.
- Set the stage for ongoing feedback and coaching throughout the year.

Periodic Check-ins

- A checkpoint to assess progress towards objectives/ goals and development plan outlined at the beginning of the performance period.
- Revise/realign goals and development plans, based on changing business priorities.
- Identify needed course correction, allowing for the achievement of optimum results for year-end.
- Celebrate achievements and successes.
- Understand support required by the employee.

Annual Assessment

- An opportunity to provide clarity to the employee on the results achieved against the goals and progress made on the development plan.
- Provide feedback on strengths/ development opportunities and understand support required.
- Discuss high – level priorities for the coming year.
- Reward/ recognize employees for their absolute and relative contribution in the achievement of business results.

Rating Scale Definitions, Values & Leadership Behaviours

Rating Scale & Definitions

	Outstanding < 5%	Exceeds Expectations 10% - 15%	Meets Expectations 65% - 75%	Improvement Needed 10% - 15%
Results (‘What’)	Met all, exceeded most objectives	Met all, exceeded some objectives	Met all objectives	Met some, missed some objectives
	+	+	+	+
Behaviors (‘How’)	Exemplary demonstration of leadership behaviors and values	Consistently demonstrated leadership behaviors and values	Often demonstrated leadership behaviors and values	Sometimes demonstrated leadership behaviors and values

Values & Leadership Behaviors

Growth
Mindset

Self & Team
Accountability

Self & Team
Development

External
Orientation

Bias for Action

Leadership behaviors



STRETCH GOALS



the
MARKET



Service

Innovation

Living the
Brand

Collaboration

Care

Values

Stakeholder Feedback (applicable at DGM & above levels)



Objective

- Obtain stakeholder feedback from three to five key peers, colleagues, or customers of the employee to help ensure a well-balanced review of the employee's performance.

Process

- Employee provides names of three or more stakeholders representing a mix of level, team, perspective, and scope.
- Manager reviews list and makes any suggestions or updates.
- Manager requests feedback from the identified stakeholders via form/ e-mail or telephone.

Sample Stakeholder Feedback Questions

- What are the employee's strengths?
- What are the areas of opportunity for development?
- Does the employee work to identify your needs and expectations? Does he/she view situations from your perspective?
- Does he/she respond to and resolve issues swiftly and thoroughly? Does the employee take immediate action to resolve the problems?
- Does the employee have the necessary expertise to solve your problems? If not, does he/she find the right people to provide a solution?
- How flexible and easy to work with is this employee? Is he/she patient and service oriented?
- Does he/she follow up to ensure your satisfaction?

Performance Management – Key Messages



- Performance Management at Arvind is a **MANAGEMENT PROCESS** aimed at delivering success and generating high impact performance for the Company and our employees.
- At Arvind, performance is both '**results**' (what is achieved / KRAs) and '**behaviors**' (how it is achieved/ values & leadership behaviors).
- It is a continuous process involving **ongoing dialogue/ discussions** between the employee and the manager through the course of the performance year/ period with a focus on:
 - Aligning business and individual objectives/ goals through performance planning.
 - Developing organization capabilities and improving individual performance through development planning.
 - Engaging and energizing employees through ongoing coaching and feedback.
 - Identifying and differentiating top performers through rewards and development opportunities.
- It requires **leadership and managerial judgment** based on the absolute and relative contribution of the employee on the 'what' and the 'how.'
- It is a **shared responsibility** of the employee and the manager and they are both jointly accountable for the success / effectiveness of the process.



Thank You!