CLC Human Resources

Driving Breakthrough Performance in the New Work Environment

A FRAMEWORK FOR MEMBER CONVERSATIONS

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CEB
WHAT THE BEST COMPANIES DO

CEB Corporate Leadership Council
Membership Program Overview

Who We Are

CEB is the world's leading member-based advisory company. We have a unique view into what matters—and what works—when capitalizing on drivers of business performance. With 30 years of experience working with top companies to share, analyze, and apply proven practices, we begin with great outcomes and reverse engineer to help you unlock your full potential.

As a result, our members achieve outsized returns by more effectively optimizing talent investments, creating new sources of efficiency, reducing risk, and enabling and accelerating growth.

30 Years of Experience

110+ Countries Represented

6,000+ Participating Organizations

300,000+ Business Professionals

87% of the Fortune 500

80% of the FTSE 100

62% of the Dow Jones Asian Titans 50

| Best Practices & Decision Support		Tools & Solutions		Integrated Talent Management Services		
Leadership Councils	Market Insights	Analytics & Planning	Best Practice Implementation	SHL Talent Measurement Solutions	Learning & Development	Workforce Surveys & Analytics

Widespread changes in the organizational environment have led to fundamental changes in how work gets done.

- Almost three in five employees experienced an increase in the amount of work to be completed with remote staff.

- Half of employees experienced an increase in the number of stakeholders with whom they interact regularly.

- Three, and sometimes four, employee generations are now in the workforce.

- Seventy-six percent of employees spend more time finding and analyzing data.

THE ORGANIZATIONAL ENVIRONMENT HAS CHANGED

Geographically Dispersed Workforces
Change in Amount of Work with Coworkers in Another Location in the Past Three Years
Percentage of Employees

5%
Decreased

38%
Stay the Same

57%
Increased
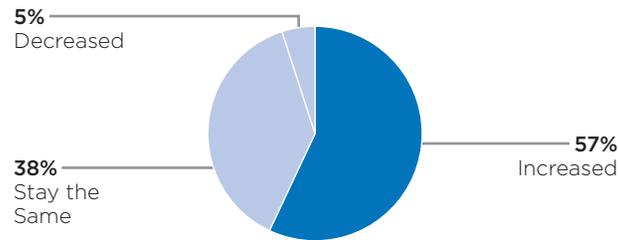
Performance Implication: Employees must now coordinate work across multiple regions and time zones, limiting opportunities for an organization to observe performance.

### More Matrixed Organization Structures
Change in Number of Individuals Involved in Decisions in the Past Three Years
Percentage of Employees

7%
Decreased

43%
Stay the Same

50%
Increased
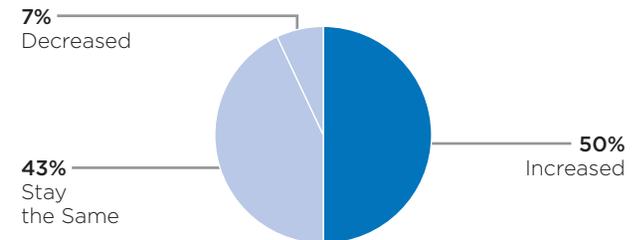
Performance Implication: Multiple managers involved in performance feedback creates potential inconsistencies in performance evaluations.

Changing Workforce Demographics
Percentage of the Workforce by Generation

16%
Generation Y
ANZ = 9%

22%
Baby Boomers

62%
Generation X
ANZ = 70%
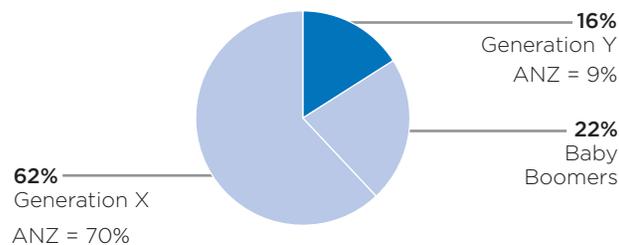
Performance Implication: Performance drivers that worked in the past may not necessarily motivate younger generations.

Higher Volume of Information
Change in Time Spent Finding and Reviewing Data and Information in the Past Three Years
Percentage of Employees

6%
Decreased

18%
Stay the Same

76%
Increased
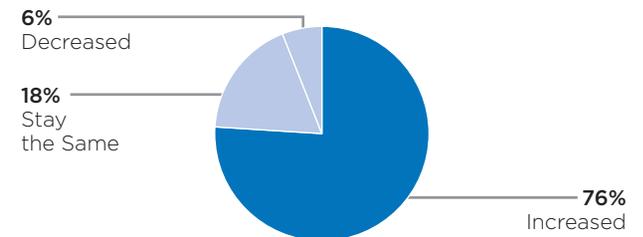
Performance Implication: Employees are more easily distracted from their highest priorities or overloaded with information that can create indecision.

n = 23,339.

Source: CLC HR High Performance Survey.

> Greater interdependence in work has led to changes in how employees get work done.

- Two-thirds of employees must collaborate more than they did three years ago.

- Sixty percent of employees now coordinate with 10 or more individuals on a day-to-day basis.

- Half of employees rely on others more than in the past.

- Most employees regularly coordinate with individuals across organizational lines.

"Work used to be simple and obvious. Now, you're lucky if someone can describe their job to you—it's hard to understand how the work actually gets done."

Chief Human Resources Officer
Government Organization

EMPLOYEES' WORK IS MORE INTERCONNECTED

Greater Amount of Collaboration Required
Change in Amount of Work That Requires Collaboration with Others in the Past Three Years
Percentage of Employees

- 30% Remained the Same
- 3% Decreased
- 67% Increased
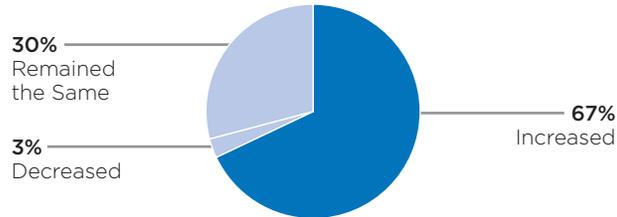
Performance Implication: Performance criteria must reflect new competencies, like collaboration, that are harder to measure and evaluate.

Increased Reliance on Others to Get Work Done
Change in Reliance on Others' in Past Three Years
Percentage of Employees

- 9% Decreased
- 41% Stayed the Same
- 50% Increased ANZ = 55%
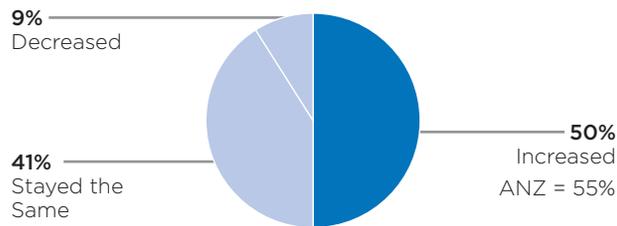
Performance Implication: Managers must support employees by helping them navigate complex work processes and numerous working relationships, not just by providing helpful informal feedback.

n = 23,339.

Source: CLC HR High Performance Survey.

Interpersonal Coordination
Number of People Involved in Day-to-Day Work
Percentage of Employees

- 40% 0–9 ANZ = 20%
- 30% 20 or More ANZ = 42%
- 30% 10–19 ANZ = 39%
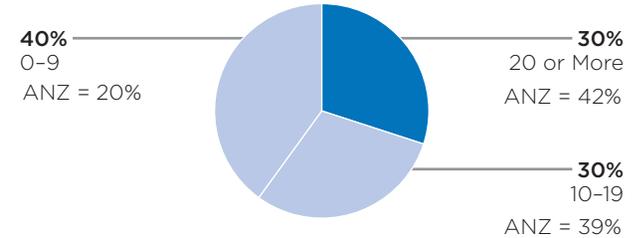
Performance Implication: Employees must manage demands of multiple stakeholders, which creates conflicting performance expectations.

Cross-Silo Coordination
Percent of Employees Who Regularly Coordinate with...

ANZ = 72%	ANZ = 74%	ANZ = 74%	
67%	66%	63%	57%
...People on Different Teams	...People at Different Job Levels	...People in Different Locations	...People Outside of My Department or Function
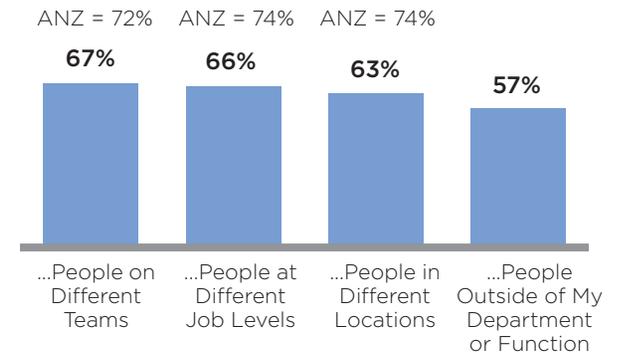
Performance Implication: High performance characteristics differ across different groups, which creates confusion.

> **An employee's enterprise contribution consists of their individual task performance and network performance.**

- Employees were evaluated on their effectiveness at achieving outcomes such as:

1. Individual Task Performance
   - High output per hour worked
   - On-time task completion
   - Error-free work
   - High quality work
2. Network Performance
   - Introduction of improved processes
   - Implementation of new product or service ideas
   - Improved working methods, techniques, or tools
   - Transfer of great ideas from other parts of the organization
   - Transfer of skills and knowledge

CLC HR MODEL OF HIGH PERFORMANCE

Individual Task Performance

An employee's effectiveness at achieving his/her individual tasks and assignments

+

Network Performance

An employee's effectiveness at improving others' performance and using others' contributions to improve his or her own performance

=

Enterprise Contribution

An employee's effectiveness at his or her individual tasks, contribution to others' performance, and use of others' contributions to improve his or her own performance.

Business Unit Outcomes
- Profit
- Revenue

Note: Please see Appendix B for more details regarding how individual task performance and network performance were assessed.

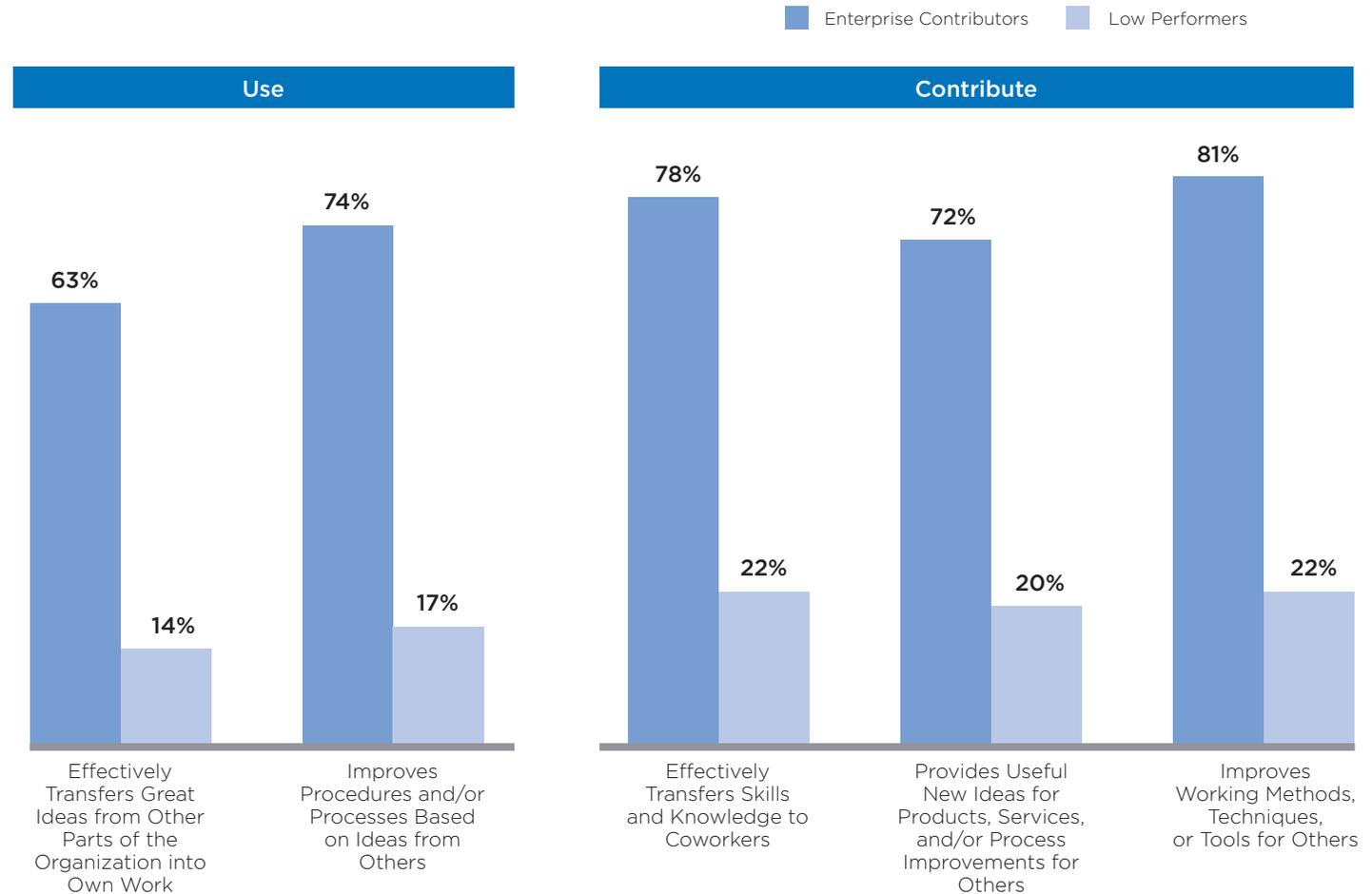> **Enterprise contributors excel at all elements of network performance.**

- Enterprise contributors are significantly better at contributing to the network and using others' work to improve their own performance, compared to low performers.
  - "Use" refers to an employees' effectiveness at seeking, accepting, and adopting others' contributions to improve his or her own performance.
  - "Contribute" refers to an employees' effectiveness at providing resources, feedback, advice, innovations, and improvements that improve the performance of the organization and his or her peers.

ENTERPRISE CONTRIBUTORS USE AND CONTRIBUTE TO THE NETWORK

Effectiveness at Key Network Performance Outcomes by Performance Level

■ Enterprise Contributors   ■ Low Performers

Use	
63%	**74%**
14%	17%
Effectively Transfers Great Ideas from Other Parts of the Organization into Own Work	Improves Procedures and/or Processes Based on Ideas from Others

Contribute		
78%	**72%**	**81%**
22%	20%	22%
Effectively Transfers Skills and Knowledge to Coworkers	Provides Useful New Ideas for Products, Services, and/or Process Improvements for Others	Improves Working Methods, Techniques, or Tools for Others

n = 23,339.

Source: CLC HR High Performance Survey.

While the importance of network performance has risen dramatically in the past 10 years, performance evaluations are still overly weighted toward individual task performance.
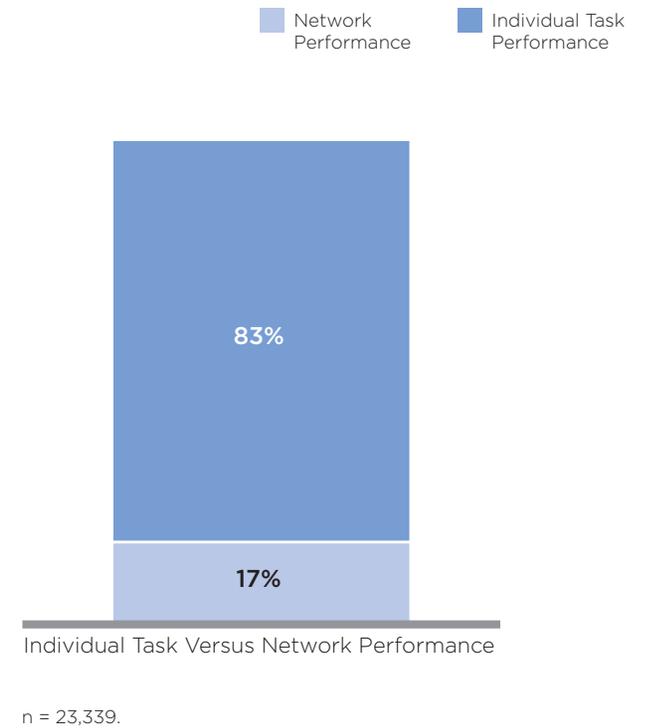
- The relative importance of network performance, compared to individual task performance, has increased from 22% to 49% between 2002 and 2012.

- Individual task performance accounts for 83% of employee performance ratings.

PERFORMANCE HAS SHIFTED, PERFORMANCE EVALUATIONS HAVE NOT

Relative Importance of Employee Performance Component to Business Unit Profitability

Network Performance   Individual Task Performance

Relative Importance to Business Unit Profitability

2002	2012
78%	51%
22%	49%

n = 13,047.   n = 23,339.
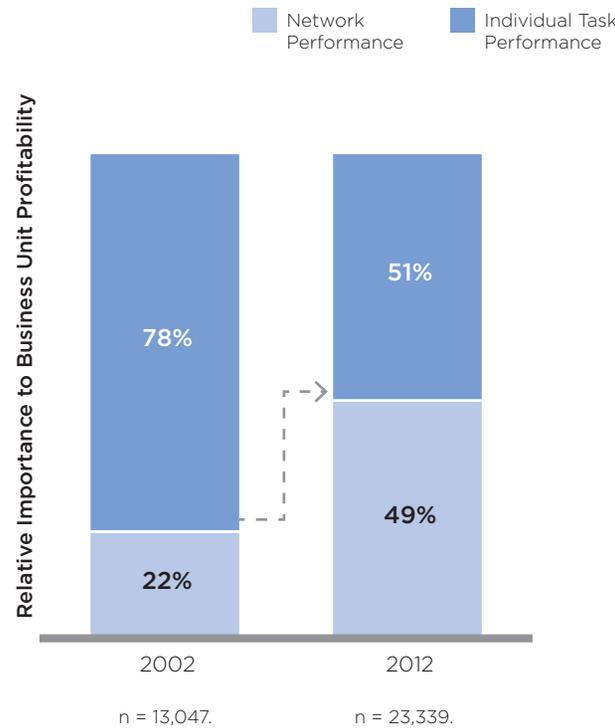
Relative Weighting of Individual Task Performance and Network Performance in Current Employee Performance Evaluations

Network Performance   Individual Task Performance

83%

17%

Individual Task Versus Network Performance

n = 23,339.

Source: 2002 CLC HR Performance Management Survey; CLC HR High Performance Survey.

- To achieve disruptive innovation, Juniper seeks both empowered, connected employees and a brand system aligned internally and externally.

- However, the classic performance management approach was misaligned with Juniper's values and evoked a "fear state" that demotivated innovation.

- Juniper believes all meaning is situated in context. While its practices vary in the degree of innovation, they learned that aligning and applying them in the context of their values and business resulted in differentiated and desired outcomes.

CLASSIC PERFORMANCE MANAGEMENT SYSTEM A BARRIER TO DISRUPTIVE INNOVATION

Classic Performance Management System Misaligned with Juniper's Company Vision and Brand System

Company Vision: "Connect Everything. Empower Everyone"
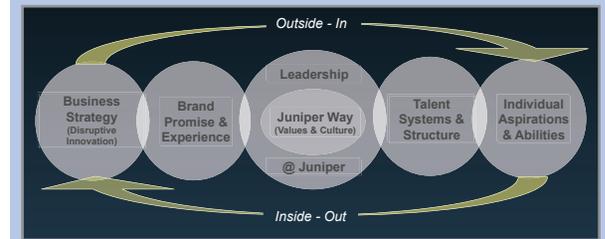To achieve disruptive innovation, employees at Juniper must be:

Connected

- Clear about the organizations needs
- Clear about peers' needs
- Able to generate productive relationships

Empowered

- Able to act without excessive bureaucracy
- Forward looking
- Proactive
- Risk taking

Juniper's Aligned Brand System

Juniper strives to deliver its business strategy of disruptive innovation by aligning its brand experience, values, leadership, and talent systems with the aspirations of its nearly 10,000 colleagues.

Attributes of "Reward State" Performance Management[1]
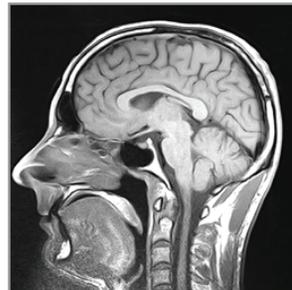
Juniper turns to neuroscience to reimagine its performance management system for disruptive innovation. Juniper's new approach aims to align with its values and put employees in a "reward state" rather than a "fear state," enabling them to do their best work. A reward state enables employees to:

- Focus on solutions
- Take a broad view
- Approach rather than avoid
- Work with confidence
- Act with autonomy

[1] The philosophy behind Juniper's approach to performance management is based on its partnership with Dr. David Rock, CEO of the NeuroLeadershipGroup; Ann Rhoades, author of *Built on Values: Creating and Enviable Culture that Outperforms the Competition* and former HR executive at Southwest Airlines and JetBlue Airways; and Chris Ernst, author of *Boundary Spanning Leadership: Six Practices for Solving Problems, Driving Innovation, and Transforming Organizations,* Organization Thought-Leader at Juniper, and adjunct faculty member at Center for Creative Leadership.
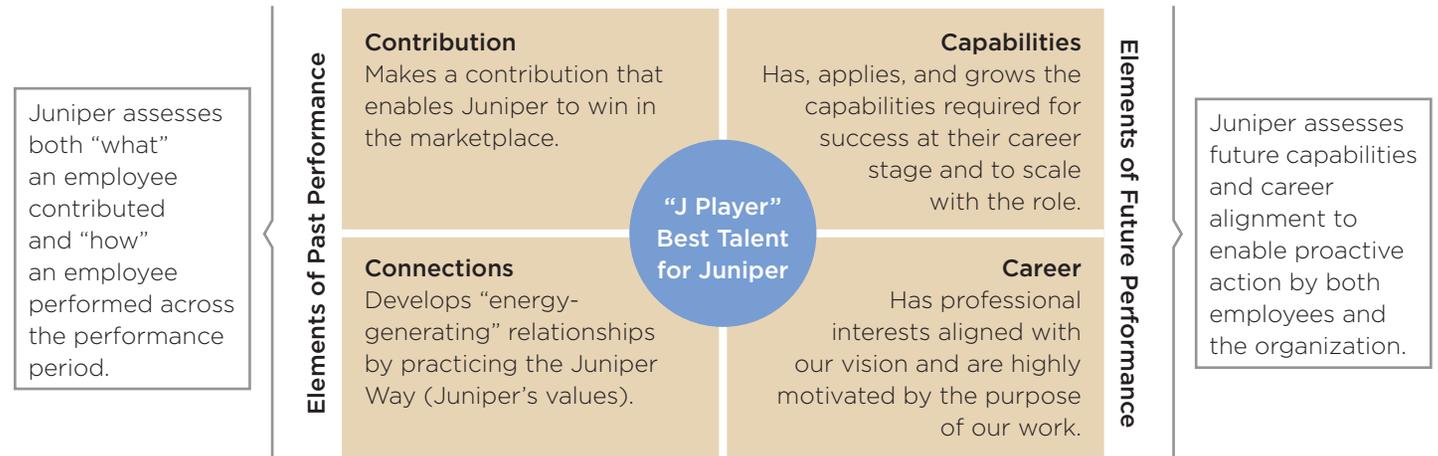
Source: http://www.flickr.com/photos/benbeiske/3688830511/.

- As a high-growth company, Juniper recognizes that assessment of past performance limits employees to reacting to the past rather than proactively ensuring future success.

- Merging assessment of future capabilities and career also allows both employees and the organization to continually assess the ability to fulfill future talent needs.

HOLISTIC EVALUATION OF PAST AND FUTURE PERFORMANCE ELEMENTS

JUNIPER NETWORKS

Juniper Simultaneously Considers the Four Elements of Both Past and Future Performance
Juniper's Four Elements of a "J Player"[1]

Juniper assesses both "what" an employee contributed and "how" an employee performed across the performance period.

Elements of Past Performance

Contribution
Makes a contribution that enables Juniper to win in the marketplace.

Capabilities
Has, applies, and grows the capabilities required for success at their career stage and to scale with the role.

"J Player" Best Talent for Juniper

Connections
Develops "energy-generating" relationships by practicing the Juniper Way (Juniper's values).

Career
Has professional interests aligned with our vision and are highly motivated by the purpose of our work.

Elements of Future Performance

Juniper assesses future capabilities and career alignment to enable proactive action by both employees and the organization.

[1] "J Players" refer to the best talent for Juniper.

Source: 2010 Corporate Citizenship and Sustainability Report, November 2011.

- Managers use talent scenarios as guidance for considering employees' performance across the four elements of performance; the talent scenarios serve as reference points for managers, not prescriptive action steps.

- Juniper believes that classic performance scores distract employees, their managers, and the organization from having the high utility conversations that let employees know where they stand.

- Juniper also eliminates the bell curve as the ideal distribution of performance, aiming instead for 100% "J Players." Juniper's goal is that all employees are high performers but, that at a minimum, every employee meets the expectation against all four elements of performance.

ASSESS EMPLOYEES BY IDENTIFYING THEIR VALUE, NOT THEIR PERFORMANCE SCORE

juniper NETWORKS

Juniper Replaces Performance Scores with Talent Scenarios to Assess Employee Contributions to the Enterprise
Juniper's Talent Scenarios and Strategies (Excerpt)

"J Players"
Juniper aims for 100% "J Players," the best talent for the organization. To be a "J Player," employees must meet the expectation against all four performance elements.

Non "J Players"
Non "J Players" do not meet the expectation against one or more of Juniper's four elements of performance.

Scenarios	Contribution	Connections	Capability	Career	Compensation
Key Talent					
High Potential					
Promotable					
Well Placed					
New to Role					
Performing with Concern					
Extenuating Circumstances					
Not Scaling					
Underperforming					
Challenged					

Juniper provides broad guidance to managers about how to assess, develop, and reward employees using Talent Scenarios as a reference point rather than a performance rating.

- Consistently meets goals
- Could be an expert in function but may not aspire to a "bigger" role

- Lives the Juniper Way
- Maintains highly productive relationships

- Skills acceptable for current level
- Could need more time in role to develop skills for next level
- Develop "in role"

- Well placed at career level
- Support existing growth and career plan

- Competitive base and bonus
- Competitive equity (if eligible)

Managers Use the Talent Scenarios as Guidance to Assess Employees Across Juniper's Four Elements of a "J Player"
Conversation Starter, Illustrative

Please describe your colleague's performance for each element below.

Career	Capabilities
Connections	**Contribution**

Managers and employees are encouraged to fill out a simple one page form against the four elements that is used to start a conversation between manager and employee.

> **Juniper calibrates performance against employees' relative contributions and connections to make compensation decisions, rather than to justify performance scores.**
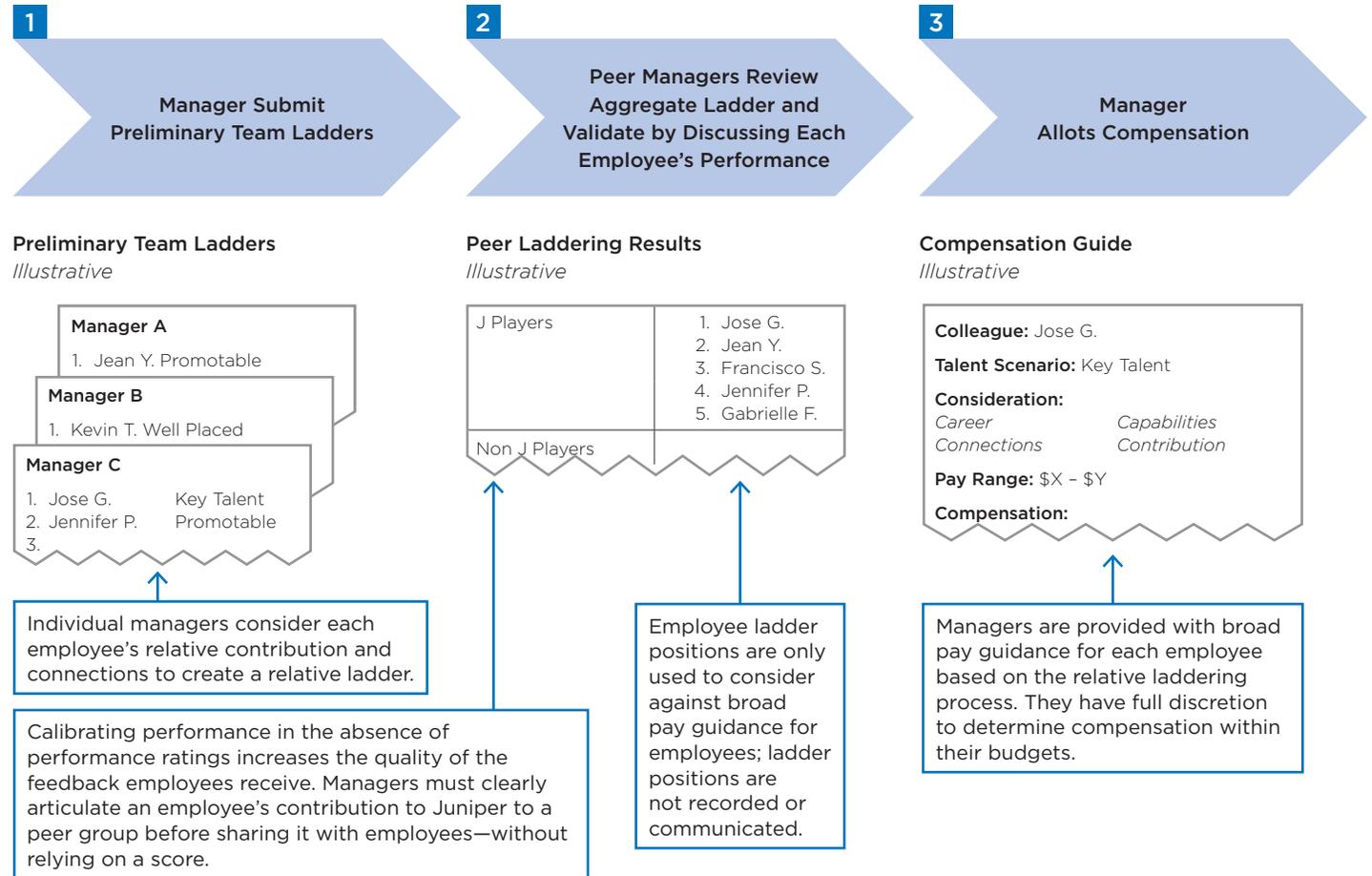
- Managers ladder each "J Player" within their teams based on their past contribution and connections. During the calibration session, peer managers create a one-over-one relative ladder based on each employees' relative contribution and connections.

- To prevent laddering from becoming a hidden ratings process, Juniper relies on managers practicing its Values and does not record or communicate results of the laddering process.

- Orienting calibration discussions around employees' overall contribution also ensures the quality and utility of the feedback an employee will receive.

CALIBRATE PERFORMANCE TO UNDERSTAND EMPLOYEES' RELATIVE CONTRIBUTION

JUNIPER NETWORKS

Juniper Calibrates Employees Based on Their Relative Contribution to Juniper, Rather Than to Validate a Performance Score
Juniper's "Relative Laddering" Calibration Process

1 Manager Submit Preliminary Team Ladders

2 Peer Managers Review Aggregate Ladder and Validate by Discussing Each Employee's Performance

3 Manager Allots Compensation

Preliminary Team Ladders
Illustrative

Manager A
1. Jean Y. Promotable

Manager B
1. Kevin T. Well Placed

Manager C
1. Jose G.   Key Talent
2. Jennifer P.   Promotable
3.

Individual managers consider each employee's relative contribution and connections to create a relative ladder.

Calibrating performance in the absence of performance ratings increases the quality of the feedback employees receive. Managers must clearly articulate an employee's contribution to Juniper to a peer group before sharing it with employees—without relying on a score.

Peer Laddering Results
Illustrative

J Players	1. Jose G.
	2. Jean Y.
	3. Francisco S.
	4. Jennifer P.
	5. Gabrielle F.
Non J Players	

Employee ladder positions are only used to consider against broad pay guidance for employees; ladder positions are not recorded or communicated.

Compensation Guide
Illustrative

Colleague: Jose G.

Talent Scenario: Key Talent

Consideration:
Career Connections   *Capabilities Contribution*

Pay Range: $X – $Y

Compensation:

Managers are provided with broad pay guidance for each employee based on the relative laddering process. They have full discretion to determine compensation within their budgets.

To prevent performance review conversations from evoking a defensive response from employees, "Conversation Day" is a peer-like conversation that discusses past and future performance.

- Juniper's performance reviews are two-way conversations between manager and employee, rather than a top-down conversation, so that decisions about performance can be made together.

- To set the tone for an effective conversation, employees and managers start by discussing the future elements of performance; this allows for a more honest conversation by taking the stigma out of negative development feedback, and enables employees to play a greater role in proactively discussing their performance.

MERGE DISCUSSION OF PAST AND FUTURE IN ONE CONVERSATION

Juniper's "Conversation Day" Drives Decision Making and Action Rather Than Information Delivery

Recommended Conversation Day Agenda
Illustrative

Career
- Discuss how this employee exhibits and applies the capabilities required for success at their career stage and to scale with their role.
- Discuss how the employee can continue to grow the capabilities for future success at Juniper.

Capabilities
- Discuss the alignment of this employee's professional interests with Juniper's vision and purpose.
- Discuss the employee's degree of motivation by Juniper's vision and purpose.

Connections
- Discuss how this employee develops productive, "energy generating" relationships that align to Juniper's values (the Juniper Way).

Contributions
- Discuss how this employee contributes to the organization in a way that enables Juniper to win in the marketplace. Refer to the contribution goals and related success measures when discussing contributions.

Compensation
- Share compensation information.
- Discuss how compensation decisions were made.

Discuss Elements of Future Performance First

Managers and employees discuss the future elements of performance first, setting the stage for a more honest, balanced conversation and minimizing the stigma associated with negative feedback.

Juniper's approach ensures that employees understand their value and contribution to Juniper, enabling them to make proactive decisions about their careers.

- After each Conversation Day, Juniper surveys employees to understand the utility of Conversation Day; eighty-two percent of employees who had conversations indicate that it was helpful or extremely helpful.

- Of the employees identified as non "J Players," 65% self-select out of Juniper; those employees proactively identified the need to make a career move without being placed on a performance improvement plan.

JUNIPER'S APPROACH PROVIDES CLARITY ABOUT PERFORMANCE AND ACTIONABLE FEEDBACK
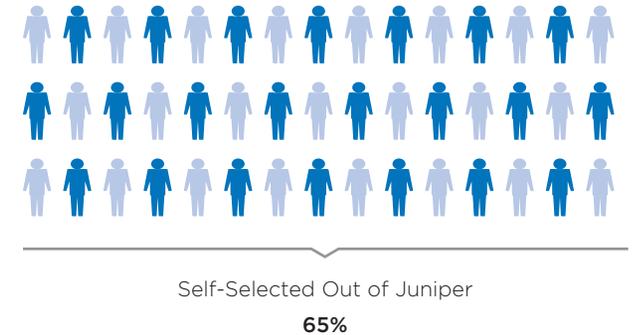
JUNIPER NETWORKS

"To What Degree Did You Find Your Conversation Day Helpful?"
On a Five-Point Scale of Not Helpful to Extremely Helpful

18%
Neutral to Not Helpful

82%
Helpful to Extremely Helpful
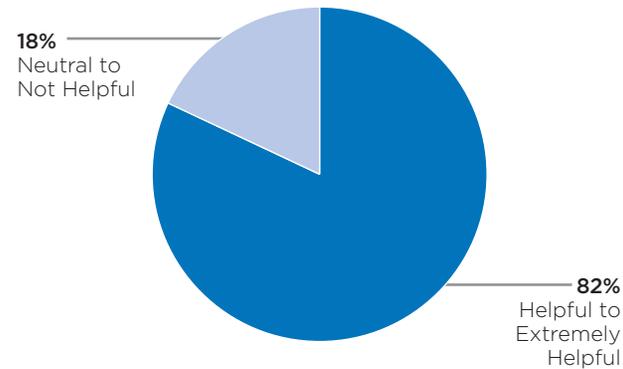
Percentage of Non "J Players" Self-Selecting Out of Juniper Based on Their Conversation Day

Self-Selected Out of Juniper
65%

"We've reimagined the 'classic' approach to performance management to be consistent with our company values and our Aligned Brand System. This approach enables us to deliver on our business strategy as disruptive innovators and create a climate where each one of our colleagues can do their best work."

Greg Pryor
Vice President, Leadership and Talent Matters