

IOMA's Complete Guide to Best Practices in Pay-for-Performance

**Worldly Tips for Implementing a Global
Performance-Management Process**

Is your company “going global”—or does it already have business units in countries other than the United States? If so, you should know there’s a world of difference in the way you need to approach performance management, says Garrett Sheridan, a partner at Axiom Consulting Partners (www.axiomcp.com), a management consulting firm that specializes in “hardwiring” people to business strategy to deliver improved performance and results. Garrett has more than 12 years of experience in global human resources strategy execution. Prior to joining Axiom, Garrett was Vice President and North American practice leader for Hudson Human Capital Solutions and a senior consultant at Sibson & Company, among other positions.

“As companies expand their global operations, managing performance in different cultures is becoming critical,” Sheridan says. “Effective global performance management maximizes employee performance by ensuring that employees are focused on delivering against a clear set of objectives that are linked to overall success for the company—both locally and globally.”

He explains that there is an increasing need for top talent to be highly mobile across geographies. “Talented executives are being asked to take on difficult overseas assignments, such as transferring specific knowledge and skills, liaising with offshore manufacturing partners, and managing growth in new environments in which their companies have little or no experience. Deploying talent effectively in a global context places a premium on being able to identify and develop top performers within a consistent framework,” Sheridan stresses.

“Another issue that makes solid global performance management particularly important is the need for succession planning for a global workforce,” he points out. “Companies need a consistent performance-management process to identify top performers who are well suited to fill strategic positions within the organization.”

The challenge is coming up with a perfor-

mance-management process that will work equally well not only across functional areas and levels within your organization but across national boundaries as well. According to Sheridan, here are some of the key steps you need to take when implementing a global PM system:

Evaluate your existing performance-management systems. Assess how well your current systems are working. Look closely at any problems that global divisions have experienced with performance management.

“Also consider how stakeholders in each region feel about having a new performance management system,” Sheridan says. “Are they receptive to the idea of changing the way they currently manage performance? Would a new system provide measurable benefits?”

Keep this in mind: “The objectives of existing performance management systems may vary significantly across regions, as well as the core components (results and competencies) that comprise performance-management processes,” Sheridan points out. “Furthermore, the manner in which performance management is being used, and the level of maturity in using it, may vary significantly in different areas. Take this into account as you are establishing your overall strategic objectives. You need to do a lot of homework to understand the current state of performance management before you will be able to define the objectives and scope of your new process.”

Establish what you want to accomplish. “It’s important to understand what you want to accomplish from a global performance management standpoint,” Sheridan stresses. Ask and answer questions such as the following:

- Are we focused on aligning employee performance with the strategic objectives of the business?
- Are we focused on using our results to provide better data for decision-making?

- Do we want to develop a clearer understanding of global workforce competencies?
- Is our goal measuring our return on investment in human capital?

Define the results and competency components of your performance management system. To do this, consider the following issues, Sheridan advises:

- Do we need a globally consistent competency framework?
- Do we want to use consistent competencies at the organization level (where talent is globally mobile) to facilitate identification of top performers for key assignments?
- Do we need consistency across performance metrics within divisions?

"The performance metrics that you select and hold people accountable for should reflect the interests of your business, customers, shareholders and employees," Sheridan stresses. "Use balanced-scorecard-type metrics—such as financial, operational, customer, and employee—that employees can directly influence."

Be sensitive to cultural differences. There are several issues you need to take stock of when implementing performance management in other countries. For example, consider the following questions, Sheridan advises:

- Does the culture welcome open dialogue about performance?
- Should performance appraisal be on group, individual basis, or a combination?
- Should base pay be linked to performance?
- Are there national regulations or union issues to consider?

"Be aware that the competencies and performance metrics used in different regions are often defined in fundamentally different ways. For instance, the behaviors defining leadership in a North American competency model might look

very different than those defining leadership in an Asian model," Sheridan points out.

Measure your return on investment. "You need to know how you are going to determine your ROI for the global performance management system before you implement it. This will increase comfort level and buy-in on the part of the executive team, and it will give you a metric for tracking performance improvement," Sheridan explains.

"Establish baseline data for your key business performance metrics and competencies in such a way that the data can be filtered through the various divisions, regions, and levels. This will help you create a performance-management strategy that can be easily tailored throughout the organization, wherever its locations might be."

Analyze your technology needs and weigh your options. "Carefully evaluate the performance-management software options on the market to ensure that you choose a solution that is flexible and can meet your needs," Sheridan advises. "You'll be more prepared to make the best decision if you've established what outcomes you're looking for and the variations in metrics and competencies across geographical areas."

Important: Select a technology vendor who will be a true partner. "You need a vendor who has experience with global companies and who will take your needs into consideration through every aspect of the design and implementation process," Sheridan stresses.

Communicate the process clearly throughout the organization. Craft clear, concise messages about the purpose and value of the performance-management initiative and circulate these messages to all leaders and stakeholders. By doing so, you'll help ensure that leaders across the organization and across the globe are literally and figuratively on the same page and can effectively explain the process to employees and elicit their buy-in.

Important: "Tailor your communications and their tone to reflect cultural nuances across geographies," Sheridan advises. "However, make sure

the core purpose of the initiative is not lost in translation.”

Stress the benefits. “Explain to employees throughout the organization that better performance management can support more equitable rewards that are tied directly to their skills and contributions,” Sheridan advises. “In order for your performance management system to be

truly effective, employees need to see the value in it and be willing to participate.”

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