



SPECIALISTS IN  
PERFORMANCE  
MANAGEMENT

# Re-designing the links between performance and reward



*...because  
conversations  
matter!*



## The Challenge

Could a global financial services firm move performance management away from a ratings-driven approach for bonus calculations, and towards employee-led performance conversations focused on strategy implementation?

Like many other financial services firms, this business of 30,000 employees around the globe talked strongly about the importance of team working, yet continued to reward individual performance. Officially there was no forced distribution of ratings, yet there was a widespread belief that its practice managers were encouraged to create a 'normal distribution curve' of performance ratings.

Though many people were achieving high performance ratings, overall the organisation was missing key performance targets in terms of growth, cost reduction and simplifying business processes. Across the business it was being recognised that performance management was not improving performance...and a new approach was required.

### Teams out-perform individuals

3C shared important and wide-ranging research showing that organisation performance improves when employees work to team goals rather than to out-perform each other. To put it another way, it makes more sense to focus effort on winning in the market rather than being seen to do better than the person sitting next to you.

3C looked at the areas of the business where systems thinking was being used to re-design work into real teams – where no-one can succeed unless everyone succeeds.

After much data analysis and engagement across the workforce, 3C recommended a fresh approach with more frequent performance conversations, and (for over 80% of the workforce) removing ratings and introducing team goals, with end of year bonuses linked to the performance of their division and the local P&L, rather than a payment based on their performance compared to others.

**"We couldn't have designed our new approach to Performance Management without 3C. They know their stuff, and work from a strong evidence base."**

Global Talent and OD Director



## Transforming incentives

The biggest impact of this change is to encourage each person to want colleagues to succeed, encouraging sharing of successful practice, collaboration across teams and a focus on results. In the front line workforce, employees rise through pay grades as their skills and knowledge increase. With the removal of ratings, performance conversations can now focus on improving performance rather than negotiating pay. The assumption is that you are doing a good job or you wouldn't be here.

## Data-driven conversations

Performance conversations have been re-designed to link to the bi-annual 'strategy cascade conversations', so that each employee can link what they do to what the organisation is aiming for. A conversation now starts with the employee discussing with their manager what they think the performance data is saying about team and organisation performance. Such a conversation builds employee understanding of what drives business performance, and helps ensure the conversation is more focused on the future than the past.



## Global approach, local implementation

The business operates across the globe, in very different cultures. The Head of HR in each division was given the freedom to adapt the overall approach to suit the local situation and culture, without diluting the drive to focus on team and organisation performance. Internal communications were shared across the business, along with an outline of key learning interventions to support employees and managers. All material was adapted locally for simplicity and to create a strong sense of a locally owned approach to managing performance.



**"3C have shown they understand our challenges and have most importantly helped us re-purpose our performance management to deliver our strategy as well as massively simplify the process for our workforce."**

Global Talent and OD Director

**"We have seen many organisations stuck in an individual bonus culture that fails to drive organisation performance."**

### What Hedda says:

Academic researchers have known for decades that personal motivation at work is created from recognition, autonomy, opportunities to excel, and a connection to an individual's sense of purpose. In addition, the three behaviours most closely correlated with higher performance are conscientiousness, emotional stability and willingness to learn from experience. Of these performance factors, only conscientiousness could be influenced by money. We also know that the more people who work in real teams, the higher the organisation performance.



Hedda Bird, 3C Managing Director and Founder

## What our clients say

“I’m sure you’ve been overwhelmed with positive feedback but just in case you haven’t - this approach is great. The questions are appropriate, the rating is very clear, the time taken is small and the opportunity to discuss real business impact and performance is great. Well done to the team who put this together.”

Damien Marantelli, General Manager,  
Mining Operations. First Quantum  
Minerals Ltd

“Thank you for the expert work you and your colleagues at 3C have done to help set our objectives and implement our strategy. I did not fully appreciate the benefits until I saw how it has worked out this year. There has been visible change in focus. Much of the success was due to the clear and engaging way you presented the issues to senior staff.”

Professor Steven Cowley, CEO, United  
Kingdom Atomic Energy Authority

“I noticed a real difference in the quality of performance conversations I could have with my team after they had been on the ‘It’s My Conversation’ programme. Conversations with those who had attended were more meaningful, more constructive and a much better use of both of our time, compared with those who had not. I did the programme myself and found its approach deeply engaging and a very powerful learning experience.”

Lucy Hoyte, Strategy Team Leader,  
Westminster City Council

## About 3C

As Performance Management specialists, 3C’s refreshing and energising approach is designed to address and resolve the key Performance Management issues that HR professionals face.

We work with organisations where managers tend to come from technical, professional or academic roles. We help technical experts become great people managers, and we help turn strategy into action on the front line.

Our unique 3-step approach is based on 15 years of experience, research and insight.

1. Jumpstart - engages your senior leaders in an intelligent re-evaluation of the purpose of Performance Management. Creative, stimulating and full-on light bulb moments!
2. Witty, interactive training and engagement for the workforce and managers - engaging even the most sceptical with not just what to do, but why do it.
3. The Frequent Feedback Platform embeds a culture of feedback and coaching for all.

**Contact 3C today to discuss how we can help**  
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